VERMONT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ending JUNE 30, 2013

STATE OF VERMONT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ending JUNE 30, 2013

Peter Shumlin
Governor

Prepared by the Department of Finance and Management

STATE OF VERMONT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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VERMONT

State of Vermont *Agency of Administration*
Department of Finance & Management
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Montpelier, VT 05620-0401 [fax] 802-828-2428

LETTER OF TRANSMITTAL

To the Honorable Peter Shumlin, Governor,
The Honorable Phil Scott, Lieutenant Governor,
Chairs of House Committees on Appropriations, Institutions and Ways and Means,
Senate Committees on Appropriations, Finance and Institutions, and
The Citizens of the State of Vermont:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the State of Vermont for the fiscal year ended June 30, 2013. The Department of Finance and Management prepared this report as required by Title 32, Vermont Statutes Annotated, Section 182(a)(8). By issuing this report by December 31, 2013, the Department has met the State statutorily required issuance date. The Department prepared these financial statements and assumes responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the Department has established a comprehensive internal control framework that is designed to protect the State's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of this report in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Because the cost of internal controls should not outweigh their benefits, Vermont's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatement. I believe that the accompanying financial statements are accurate and fairly stated in all material respects, and presented in a manner designed to fairly report the State of Vermont's financial position, results of operations and changes in net position/ fund balances.

I would like to direct your attention toward two important items contained in this CAFR. The first item is the Management and Discussion Analysis (MD&A) that follows the Independent Auditors' Report. This analysis is designed to give you, the reader, an overview of the State's financial position, described in understandable terms, in order to help you better understand the results of operations of your state government. Secondly, I would like to direct your attention to the Basic Financial Statements (BFS) which follow the MD&A. The BFS were prepared in conformity with GAAP as prescribed by the GASB. The BFS contain government-wide statements that present the State's financial activities in a manner similar to that of a private corporation; fund statements that report governmental, proprietary, fiduciary fund financial activity; component unit financial activity; and note disclosures that explain and enhance the basic financial statements.

In addition to the MD&A and BFS, this CAFR includes a Required Supplementary Information (RSI) section, an Other Supplementary Information section, and a Statistical section. The RSI section contains a Schedule of Funding Progress for the State's defined benefit pension and other postemployment benefits plans, and Budget to Actual comparison schedules for the State's major governmental funds with Notes reconciling budgetary fund balance to the governmental funds GAAP fund balance. The Other Supplementary Information section

contains combining fund financial statements for the State's non-major Governmental, Proprietary, and Fiduciary Funds, and for the State's non-major component units. The Statistical section presents data relating to financial trends, revenue and debt capacity, and demographic and operating information about the State of Vermont. It should be noted that the information contained in the MD&A, RSI and Statistical sections is unaudited.

This CAFR includes the funds and entities for which the State is accountable based on GASB's criteria for defining the financial reporting entity. The criteria include fiscal dependence, financial accountability and legal standing. Please refer to Note I, for more information regarding the reporting entity and the component units.

State Profile

Vermont, known as the Green Mountain State, was first settled by the French in 1666, then by the English in 1690, and joined the Union as the fourteenth State in 1791. Rural in character, the state measures 9,249 square miles of land area, and, as of July 1, 2012, had an estimated population of 626,011. The State capital is Montpelier, and the largest city is Burlington. As of calendar year 2011, 93.7% of Vermonters aged 25 or older are at least high school graduates while 37.2% have at least a college bachelor's degree .

The State Constitution provides for three traditional branches of Government – the Legislative, the Executive, and the Judicial. The Legislative branch is comprised of the House of Representatives (150 members) and the Senate (30 members); all are elected for two-year terms. The Executive branch includes six elected officers – the Governor, Lieutenant Governor, Treasurer, Secretary of State, Auditor of Accounts, and the Attorney General – all elected for two year terms, without term limitations. The Governor is responsible for the faithful execution of all laws and the management of the departments and agencies of the Executive Branch – including the agencies of Administration; Transportation; Natural Resources; Commerce and Community Development; Agriculture, Food and Markets; and Human Services, as well as other departments – through which the functions of the State government are carried out. The Judicial branch of the state is made up of a Supreme and Superior Courts, and the Judicial Bureau. The judges are appointed by the Governor with the advice and consent of the Senate, and serve six-year terms.

Budget Adoption and Legal Compliance/Budgetary Results

The Required Supplementary Information section includes Budget to Actual comparison schedules for the General Fund and the five major special revenue funds. The State's budgeting process is described in the Notes to the Budget to Actual comparison schedules. These schedules present each fund's original budget, final budget, actual expenditures incurred on a budgetary basis, and the variance between the final budget and actual expenditures incurred. As the adopted budget provides legal control over spending, expenditures cannot exceed amounts appropriated under Vermont law. Budgetary control is exercised by fund within appropriation.

The General Fund

The General Fund accounts for all revenues and other receipts that are not required by law to be accounted for or deposited in other funds as well as the expenditures associated with these revenues. In fiscal year 2013, General Fund tax revenues accounted for 97.3% of total General Fund revenues. The three principal tax revenue contributors – the personal income tax, the General Fund's portion of the sales and use tax, and the meals and room tax – accounted for 81.2% of General Fund total tax revenues

or approximately 79.0% of total General Fund revenues. General Fund expenditures used 61.8% of the total revenues, and these expenditures occurred in the following major governmental functional categories: General Government, Protection to Persons and Property, Human Services, Labor, General Education, Natural Resources, and Commerce and Community Development. The majority of the remainder of the resources provided from the 2013 General Fund revenues were transferred out to other funds and used for various purposes. Please see Note IV.D. for a summary of these transfers.

Economic Condition

The consensus revenue forecast for fiscal year 2013 was revised twice during the fiscal year as the economic and revenue environment began to stabilize. During fiscal year 2013, the Vermont economy continued a slow and sometimes uneven recovery with the modest upgrade in the consensus revenue forecast in July, 2012, offset partially by a small downgrade in January for the balance of fiscal year 2013, and actual year end revenue collections in the General Fund exceeded the final revised consensus forecast target.

The consensus economic forecast for the Vermont economy reflects the difficulties experienced nation-wide due to the sequestration, the on-going recession in Europe, and a slow-down in the developing world. However, there is improvement in consumer sentiment and a firming of the housing market. The near-term outlook is similar to the outlook a year ago and six months ago, although favorable circumstances already seem to be developing, rather than being based on expectations. The most recent forecast calls for minor forecast upgrades for the General Fund and a more significant upgrade for the Transportation Fund, with a minor downgrade in the forecast for the Education Fund. The State's unemployment rate is expected to remain well below both the U.S. and New England regional averages. The most recent consensus economic forecast has the State job growth to continue to improve into 2014 and 2015, although at an unsteady pace.

Long-term Financial Planning

As part of the State's long term financial planning, the Legislature created a Capital Debt Affordability Advisory Committee who is required to present to the Governor and General Assembly, no later than September 30 of each year, a recommendation as to the maximum amount of net tax-supported debt that the State may prudently issue for the ensuing fiscal year and which complies with the State's triple-A debt rating guidelines. The recommendation is calculated and presented in accordance with certain debt affordability guidelines and other matters that may be relevant to the proposed debt to be authorized. The current recommendation contains a recommendation for maximum debt for fiscal years 2014 and 2015. This report may be viewed on the State Treasurer's website under Debt Management – Capital Debt Affordability Advisory Committee.

In the 2013 legislative session, the 2013 Capital Act represents the first year of the biennium. The amount authorized in the bill is $159.9 million for the biennium, with no more than $90.4 million appropriated in the first year, and the remainder in the second year. Please see Note G. 1. for addition information of the State's bonded debt.

Independent Audit of These Financial Statements

KPMG LLP, an independent certified public accounting firm, performed an independent audit of the

State's basic financial statements for the fiscal year ended June 30, 2013, with the assistance of the State Auditor's Office. The auditors have issued an unqualified opinion, the most favorable outcome of the audit process. The audit described in the auditors' report is not intended to meet all requirements of the Federal Single Audit Act of 1996. Rather, the Single Audit Report for the State is issued under separate cover.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Vermont for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the fifth year that Vermont has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report involved the dedicated work of staff in the Department of Finance and Management, the Office of the State Treasurer, the Office of the Auditor of Accounts, and the support of all State agencies, departments, component units, the Legislature, and the Judiciary. We welcome inquiries concerning this report and the finances of the State of Vermont.

Sincerely,

James B. Reardon, CPA
Commissioner

December 18, 2013

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

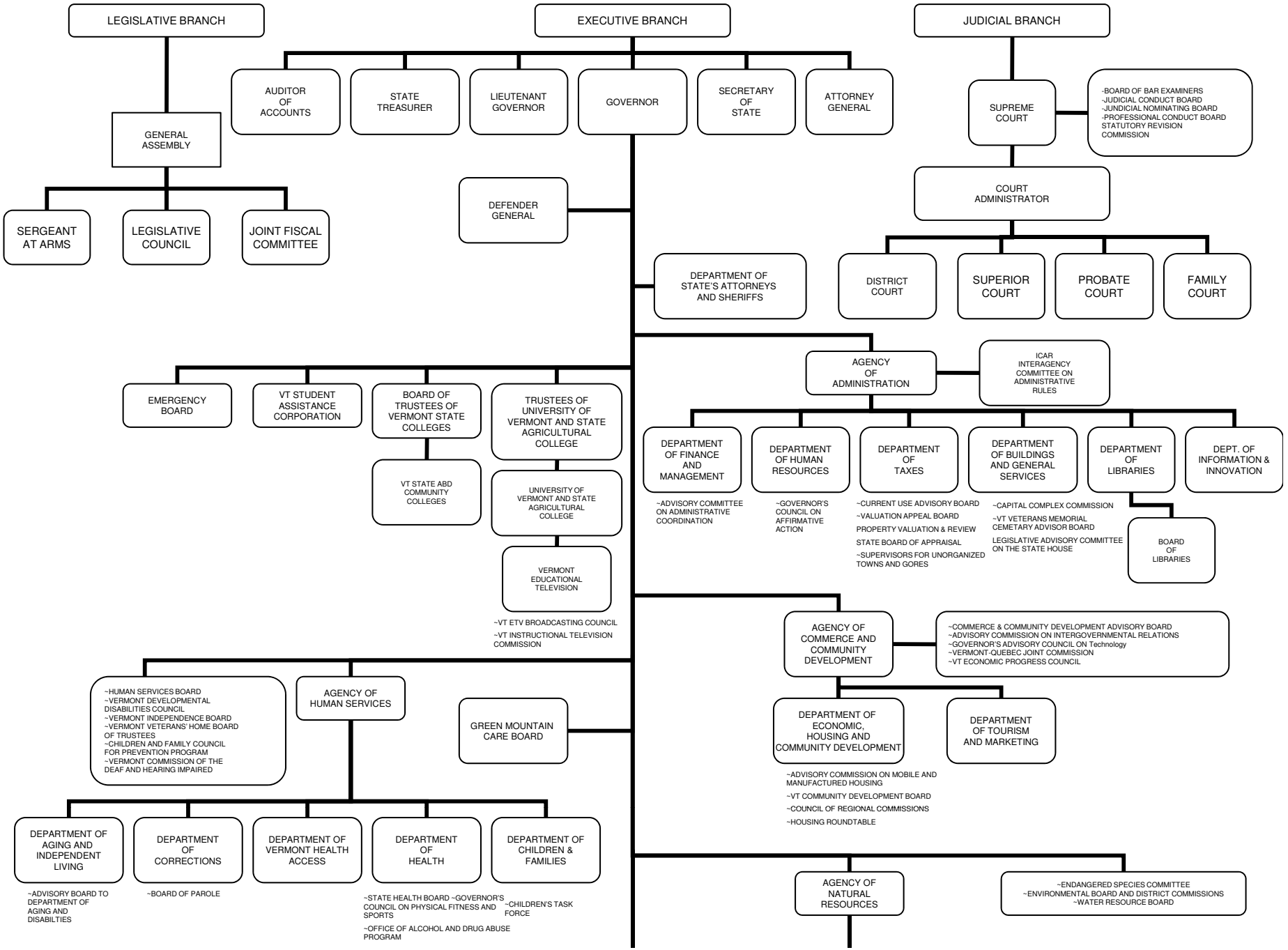
Presented to

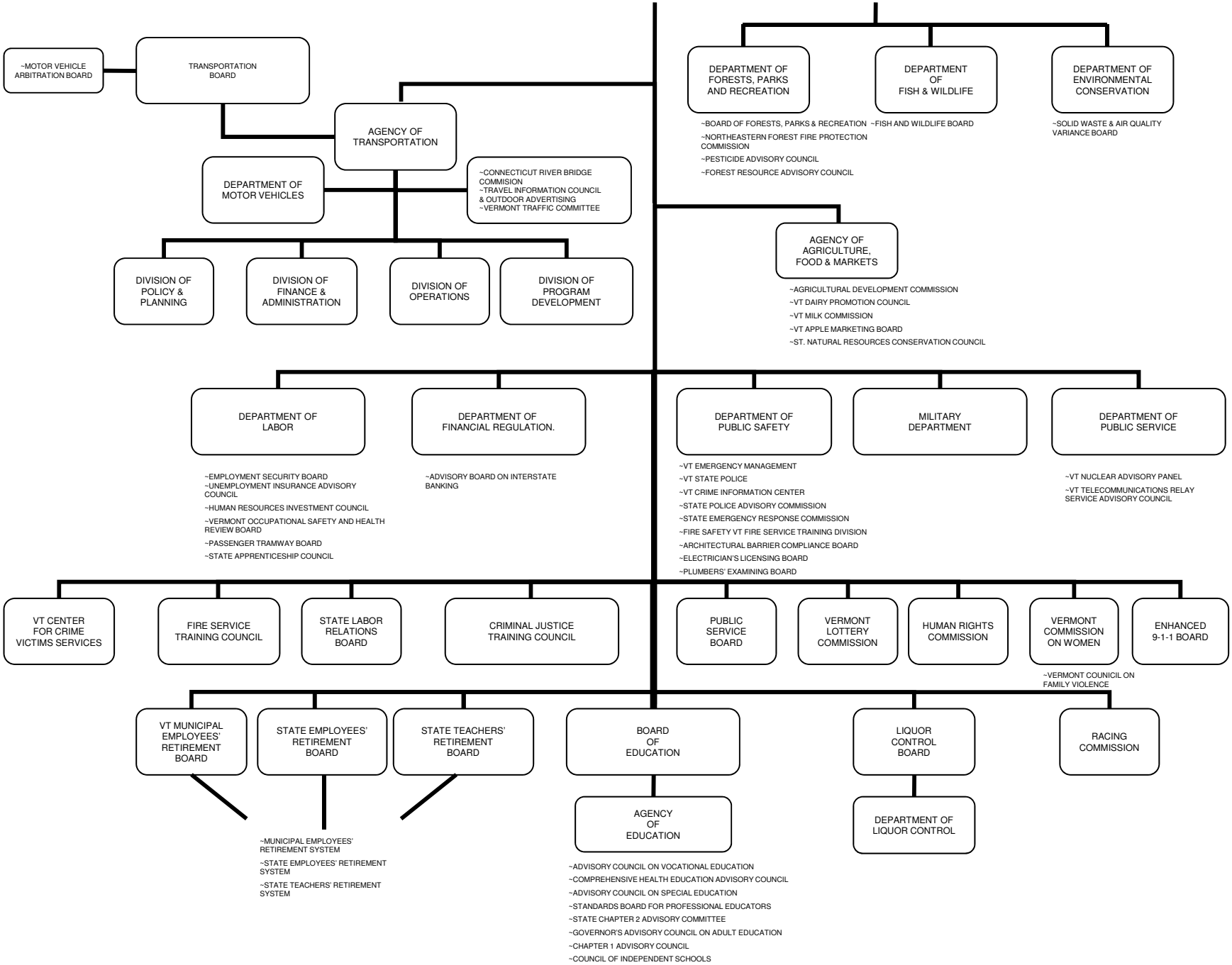
State of Vermont

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO


LEGISLATIVE BRANCH
EXECUTIVE BRANCH
JUDICIAL BRANCH
AUDITOR OF ACCOUNTS
STATE TREASURER
LIEUTENANT GOVERNOR
GOVERNOR
SECRETARY OF STATE
ATTORNEY GENERAL
GENERAL ASSEMBLY
SERGEANT AT ARMS
LEGISLATIVE COUNCIL
JOINT FISCAL COMMITTEE
SUPREME COURT
-BOARD OF BAR EXAMINERS
-JUDICIAL CONDUCT BOARD
-JUNDICIAL NOMINATING BOARD
-PROFESSIONAL CONDUCT BOARD
STATUTORY REVISION COMMISSION
COURT ADMINISTRATOR
DEFENDER GENERAL
DEPARTMENT OF STATE'S ATTORNEYS AND SHERIFFS
DISTRICT COURT
SUPERIOR COURT
PROBATE COURT
FAMILY COURT
EMERGENCY BOARD
VT STUDENT ASSISTANCE CORPORATION
BOARD OF TRUSTEES OF VERMONT STATE COLLEGES
TRUSTEES OF UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE
VT STATE ABD COMMUNITY COLLEGES
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE
VERMONT EDUCATIONAL TELEVISION
~VT ETV BROADCASTING COUNCIL
~VT INSTRUCTIONAL TELEVISION COMMISSION
AGENCY OF ADMINISTRATION
ICAR INTERAGENCY COMMITTEE ON ADMINISTRATIVE RULES
DEPARTMENT OF FINANCE AND MANAGEMENT
DEPARTMENT OF HUMAN RESOURCES
DEPARTMENT OF TAXES
DEPARTMENT OF BUILDINGS AND GENERAL SERVICES
DEPARTMENT OF LIBRARIES
DEPT. OF INFORMATION & INNOVATION
~ADVISORY COMMITTEE ON ADMINISTRATIVE COORDINATION
~GOVERNOR'S COUNCIL ON AFFIRMATIVE ACTION
~CURRENT USE ADVISORY BOARD
~VALUATION APPEAL BOARD
PROPERTY VALUATION & REVIEW
STATE BOARD OF APPRAISAL
~SUPERVISORS FOR UNORGANIZED TOWNS AND GORES
~CAPITAL COMPLEX COMMISSION
~VT VETERANS MEMORIAL CEMETARY ADVISOR BOARD
LEGISLATIVE ADVISORY COMMITTEE ON THE STATE HOUSE
BOARD OF LIBRARIES
AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT
~COMMERCE & COMMUNITY DEVELOPMENT ADVISORY BOARD
~ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
~GOVERNOR'S ADVISORY COUNCIL ON Technology
~VERMONT-QUEBEC JOINT COMMISSION
~VT ECONOMIC PROGRESS COUNCIL
DEPARTMENT OF ECONOMIC, HOUSING AND COMMUNITY DEVELOPMENT
DEPARTMENT OF TOURISM AND MARKETING
~ADVISORY COMMISSION ON MOBILE AND MANUFACTURED HOUSING
~VT COMMUNITY DEVELOPMENT BOARD
~COUNCIL OF REGIONAL COMMISSIONS
~HOUSING ROUNDTABLE
~HUMAN SERVICES BOARD
~VERMONT DEVELOPMENTAL DISABILITIES COUNCIL
~VERMONT INDEPENDENCE BOARD
~VERMONT VETERANS' HOME BOARD OF TRUSTEES
~CHILDREN AND FAMILY COUNCIL FOR PREVENTION PROGRAM
~VERMONT COMMISSION OF THE DEAF AND HEARING IMPAIRED
AGENCY OF HUMAN SERVICES
GREEN MOUNTAIN CARE BOARD
DEPARTMENT OF AGING AND INDEPENDENT LIVING
DEPARTMENT OF CORRECTIONS
DEPARTMENT OF VERMONT HEALTH ACCESS
DEPARTMENT OF HEALTH
DEPARTMENT OF CHILDREN & FAMILIES
~ADVISORY BOARD TO DEPARTMENT OF AGING AND DISABILTIES
~BOARD OF PAROLE
~STATE HEALTH BOARD
~GOVERNOR'S COUNCIL ON PHYSICAL FITNESS AND SPORTS
~CHILDREN'S TASK FORCE
~OFFICE OF ALCOHOL AND DRUG ABUSE PROGRAM
AGENCY OF NATURAL RESOURCES
~ENDANGERED SPECIES COMMITTEE
~ENVIRONMENTAL BOARD AND DISTRICT COMMISSIONS
~WATER RESOURCE BOARD


~MOTOR VEHICLE ARBITRATION BOARD
TRANSPORTATION BOARD
AGENCY OF TRANSPORTATION
DEPARTMENT OF MOTOR VEHICLES
~CONNECTICUT RIVER BRIDGE COMMISION
~TRAVEL INFORMATION COUNCIL & OUTDOOR ADVERTISING
~VERMONT TRAFFIC COMMITTEE
DIVISION OF POLICY & PLANNING
DIVISION OF FINANCE & ADMINISTRATION
DIVISION OF OPERATIONS
DIVISION OF PROGRAM DEVELOPMENT
DEPARTMENT OF FORESTS, PARKS AND RECREATION
~BOARD OF FORESTS, PARKS & RECREATION
~NORTHEASTERN FOREST FIRE PROTECTION COMMISSION
~PESTICIDE ADVISORY COUNCIL
~FOREST RESOURCE ADVISORY COUNCIL
DEPARTMENT OF FISH & WILDLIFE
~FISH AND WILDLIFE BOARD
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
~SOLID WASTE & AIR QUALITY VARIANCE BOARD
AGENCY OF AGRICULTURE, FOOD & MARKETS
~AGRICULTURAL DEVELOPMENT COMMISSION
~VT DAIRY PROMOTION COUNCIL
~VT MILK COMMISSION
~VT APPLE MARKETING BOARD
~ST. NATURAL RESOURCES CONSERVATION COUNCIL
DEPARTMENT OF LABOR
~EMPLOYMENT SECURITY BOARD
~UNEMPLOYMENT INSURANCE ADVISORY COUNCIL
~HUMAN RESOURCES INVESTMENT COUNCIL
~VERMONT OCCUPATIONAL SAFETY AND HEALTH REVIEW BOARD
~PASSENGER TRAMWAY BOARD
~STATE APPRENTICESHIP COUNCIL
DEPARTMENT OF FINANCIAL REGULATION.
~ADVISORY BOARD ON INTERSTATE BANKING
DEPARTMENT OF PUBLIC SAFETY
~VT EMERGENCY MANAGEMENT
~VT STATE POLICE
~VT CRIME INFORMATION CENTER
~STATE POLICE ADVISORY COMMISSION
~STATE EMERGENCY RESPONSE COMMISSION
~FIRE SAFETY VT FIRE SERVICE TRAINING DIVISION
~ARCHITECTURAL BARRIER COMPLIANCE BOARD
~ELECTRICIAN'S LICENSING BOARD
~PLUMBERS' EXAMINING BOARD
MILITARY DEPARTMENT
DEPARTMENT OF PUBLIC SERVICE
~VT NUCLEAR ADVISORY PANEL
~VT TELECOMMUNICATIONS RELAY SERVICE ADVISORY COUNCIL
VT CENTER FOR CRIME VICTIMS SERVICES
FIRE SERVICE TRAINING COUNCIL
STATE LABOR RELATIONS BOARD
CRIMINAL JUSTICE TRAINING COUNCIL
PUBLIC SERVICE BOARD
VERMONT LOTTERY COMMISSION
HUMAN RIGHTS COMMISSION
VERMONT COMMISSION ON WOMEN
~VERMONT COUNICIL ON FAMILY VIOLENCE
ENHANCED 9-1-1 BOARD
VT MUNICIPAL EMPLOYEES' RETIREMENT BOARD
STATE EMPLOYEES' RETIREMENT BOARD
STATE TEACHERS' RETIREMENT BOARD
~MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
~STATE EMPLOYEES' RETIREMENT SYSTEM
~STATE TEACHERS' RETIREMENT SYSTEM
BOARD OF EDUCATION
AGENCY OF EDUCATION
~ADVISORY COUNCIL ON VOCATIONAL EDUCATION
~COMPREHENSIVE HEALTH EDUCATION ADVISORY COUNCIL
~ADVISORY COUNCIL ON SPECIAL EDUCATION
~STANDARDS BOARD FOR PROFESSIONAL EDUCATORS
~STATE CHAPTER 2 ADVISORY COMMITTEE
~GOVERNOR'S ADVISORY COUNCIL ON ADULT EDUCATION
~CHAPTER 1 ADVISORY COUNCIL
~COUNCIL OF INDEPENDENT SCHOOLS
LIQUOR CONTROL BOARD
DEPARTMENT OF LIQUOR CONTROL
RACING COMMISSION

SELECTED STATE OFFICIALS
As of June 30, 2013

EXECUTIVE

Peter Shumlin
Governor

Phil Scott
Lieutenant Governor

James C. Condos
Secretary of State

William H. Sorrell
Attorney General

Douglas R. Hoffer
Auditor of Accounts

Elizabeth Pearce
State Treasurer

JUDICIAL

Paul L. Reiber
Chief Justice

LEGISLATIVE

John F. Campbell
President Pro Tempore of the State Senate
(30 Senators)

Shap Smith
Speaker of the House of Representatives
(150 Representatives)

FINANCIAL SECTION

KPMG LLP
Suite 400
356 Mountain View Drive
Colchester, VT 05446

Independent Auditors' Report

The Speaker of the House of Representatives,
President Pro-Tempore of the Senate
And the Governor of the State of Vermont:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Vermont (the State), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain discretely presented component units identified in note IA. We also did not audit the financial statements of the Vermont Lottery Commission, the Special Environmental Revolving Fund, the Vermont Energy Efficiency Utility Fund, the Vermont Universal Service Fund, or the Tri-State Lotto Commission. The discretely presented component units identified in note IA represent 70% of the total assets and 40% of the total revenues of the aggregate discretely presented component units. The Vermont Lottery Commission represents 100% of the total assets and total revenues of the Vermont Lottery Commission Fund and 5% of the total assets and 31% of the total revenues of the business-type activities. The Special Environmental Revolving Fund represents 67% of the total assets and 5% of the total revenues of the Federal Revenue Fund. The Vermont Energy Efficiency Utility Fund and the Vermont Universal Service Fund collectively represent 7% of the total assets and 10% of the total revenues of the Special Fund and collectively represent 9% of the total assets and 2% of the total revenues of the governmental activities. The Tri-State Lotto Commission represents 100% of the information disclosed in note VE. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the discretely presented component units, the Vermont Lottery Commission, the Special Environmental Revolving Fund, the Vermont Energy Efficiency Utility Fund, the Vermont Universal Service Fund, and the Tri-State Lotto Commission are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General

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of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Vermont as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As disclosed in note I to the financial statements, the State adopted the provisions of Governmental Accounting Standards Board Statements No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*; No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and No. 65, *Items Previously Reported as Assets and Liabilities*; effective July 1, 2012.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 17-30, the schedules of funding progress and employer contributions for the defined pension plans and other postemployment benefit plans on pages 146-148, and the budgetary comparison information on pages 149-163 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The Introduction, Other Supplementary Information-Combining and Individual Fund Statements and Schedules and the Statistical Section listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information-Combining and Individual Fund Statements and Schedules is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the Other Supplementary Information-Combining and Individual Fund Statements and Schedules is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introduction and Statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

KPMG LLP

Colchester, Vermont
December 18, 2013

Vt. Reg. No. 92-0000241

INTRODUCTION

We are pleased to present this analysis and discussion of Vermont's financial performance for the fiscal year ending June 30, 2013. This Management, Discussion & Analysis (MD&A) section is intended to serve as an introduction to the State's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The MD&A is designed to assist the reader in focusing on significant financial matters, provide an easily readable overview of the State's financial activities, identify any material changes from the original budget, and highlight financial matters that occurred during fiscal year 2013. The following presentation is by necessity highly summarized, and in order to gain a thorough understanding of the State's financial condition, the following financial statements, notes and required supplementary information should be reviewed in their entirety.

FINANCIAL HIGHLIGHTS

Government-wide

- Vermont reported net position of $1.723 billion, comprised of $3.640 billion in total assets and $7.4 million in deferred outflows offset by $1.925 billion in total liabilities at June 30, 2013 (Table 1).

- The primary government's net position has increased by $49.9 million as a result of this year's operations. The net position for governmental activities decreased $11.4 million and net position for business activities increased by $61.3 million (Table 2).

Fund level

- The State's governmental funds reported a combined ending fund balance of $934.3 million, an increase of 7.8 percent over last year. Of this amount, $345.1 million is available for spending at the State's discretion (committed, assigned, and unassigned fund balance).

- The State's General Fund reported an operating deficit this year of $19.2 million which decreased the accumulated fund balance to $159.2 million, of which $1.7 million is nonspendable.

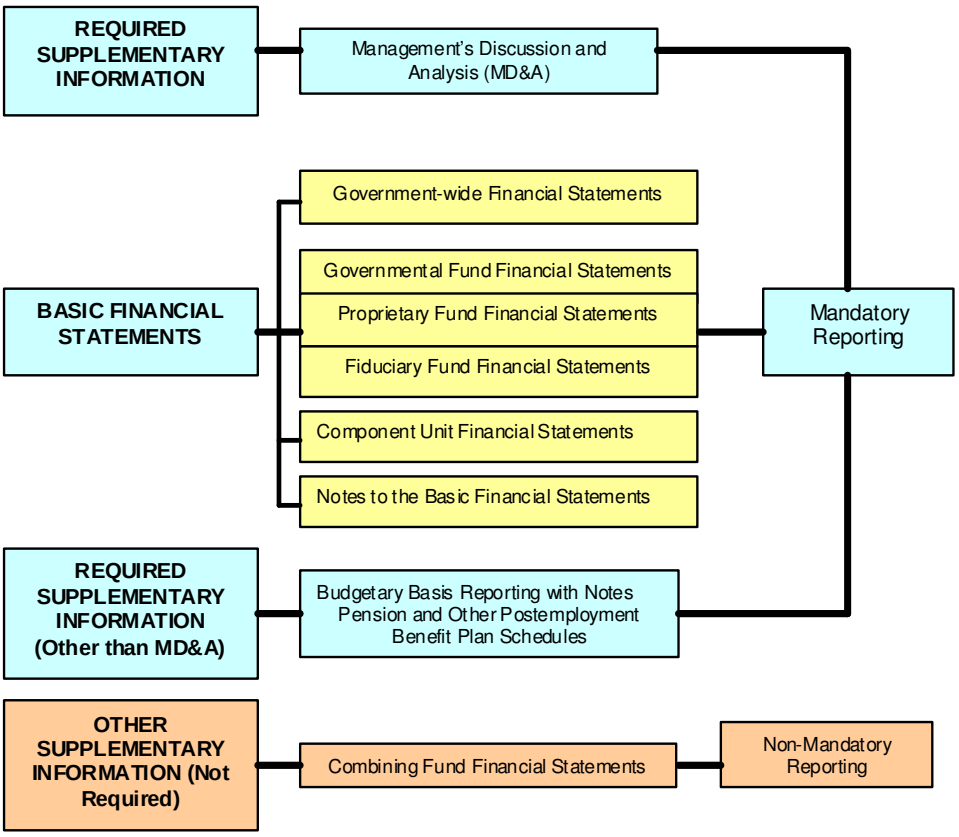
Long-term debt

- The State's debt outstanding for General and Special Obligation Bonds increased $50.9 million as compared to fiscal year 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report (CAFR) consists of an introductory section, a financial section, and a statistical section. The financial section contains the Independent Auditor's Report, this discussion and analysis section, the basic financial statements (BFS) with required supplementary information (RSI), and other supplementary information. Additional information regarding the above sections may be found below as well as in the notes to the financial statements.

The layout of the financial section and the relationship of the financial statements and supplementary information is presented in the following diagram. Notice the relationships between the various elements of the CAFR, such as "mandatory versus non-mandatory" reporting, or "required versus not required" supplementary information. This diagram is designed to illustrate how the various elements of the state's financial activity fit together in this CAFR.


REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis (MD&A)
BASIC FINANCIAL STATEMENTS
Government-wide Financial Statements
Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Fiduciary Fund Financial Statements
Component Unit Financial Statements
Notes to the Basic Financial Statements
Mandatory Reporting
REQUIRED SUPPLEMENTARY INFORMATION (Other than MD&A)
Budgetary Basis Reporting with Notes Pension and Other Postemployment Benefit Plan Schedules
OTHER SUPPLEMENTARY INFORMATION (Not Required)
Combining Fund Financial Statements
Non-Mandatory Reporting

Basic Financial Statements

Vermont's basic financial statements (BFS) consist of four components: 1) government-wide financial statements, 2) fund financial statements, 3) component units' financial statements, and 4) notes to the financial statements. The fund financial statements include governmental, proprietary, and fiduciary types of funds that will be described later in this analysis. Notes to the financial statements provide explanations and/or additional detail for all of the above type financial statements and are considered an integral part of the financial statements.

1) Government-Wide Financial Statements

Vermont's government-wide financial statements, which follow this MD&A section, are designed to present a broad view of the State's operations and financial position in a manner similar to the accounting principles used by most private-sector business. All of the State's activities except its fiduciary funds' activities are reported in the government-wide statements. Fiduciary activities are not included because the resources of these funds are not available to support the State's own programs.

The government-wide statements contain both short-term and long-term information about the State's financial position and assist in assessing the State's economic condition at the end of each fiscal year. The State prepares these statements using the "flow of economic resources" measurement focus and the accrual basis of accounting. This basically means that the methods utilized to prepare these statements are similar to those used by most private sector businesses in preparing their financial statements. They take into account all financial activity connected with the reported fiscal year including revenues, expenses, transfers, sales or acquisitions of capital assets, and any other activity affecting or possibly affecting the financial condition of the State, even if cash involved has not been received or paid. The government-wide financial statements present two statements:

The *Statement of Net Position* presents a snapshot of both the primary government's and its component units' assets and liabilities and deferred outflows and deferred inflows, as of the date of this report, with the difference between the assets and deferred outflows, and liabilities and deferred inflows reported as "net position". Over time, increases or decreases in the primary government's net position may serve as an indicator as to whether the financial position of the State is improving or deteriorating.

The *Statement of Activities* presents the reported year's financial activity and hence, the reason(s) for the changes in net position included on the Statement of Net Position. All changes in financial activities are recognized as soon as the underlying event(s) giving rise to the changes occur, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will not result in cash flows until future fiscal periods. This statement also presents the relationship between the State's major expenditure functions and the associated sources of program revenues associated with each expenditure function.

Both of the above financial statements segregate Vermont's financial activity into three categories: governmental activities, business-type activities, and discretely presented component unit activities. The governmental activities and business-type activities are combined to report on what is termed *primary government activities* which are separate and distinct from the *component units' activities* of the discretely presented component units. For more information regarding discretely presented component units, please see Note I to the financial statements.

Primary Government Activities

Governmental Activities – The financial activities reported in this section generally represent those services (functions) normally performed by a government entity. These activities are classified as either major or non-major, depending upon their financial size as compared to each other and to the group as a whole. The governmental activities include public education, general government, public health services, legal and judiciary services, natural resources, public safety, regulatory services, social services, and public transportation. Taxes, grants, and intergovernmental revenues are the main sources of funding for these activities.

Business-Type Activities – These business-type activities of the State include the operations of Vermont's enterprise activities. For financial reporting purposes, these activities are classified as either major or non-major, depending upon their financial size as compared to each other and to the group as a whole. Activities categorized as major include the Unemployment Compensation Trust Fund program, Liquor Control, and the State Lottery Commission. Activities reported as non-major include the federal surplus property program, publishing Vermont Life magazine, making equipment loans to municipalities, and several other activities. Both major and non-major activities normally recover all or a portion of their costs through user fees and charges to the external consumers of their goods and services, much like a private business.

Component Units' Activities

Discretely Presented Component Units – These are legally separate (incorporated) entities for which the primary government has the ability to impose its will on the entity, receive a benefit from activities of the entity, or could receive a financial burden due to the activities of the entity. The State's discretely presented component units are presented in the aggregate in the government-wide statements. This aggregate total consists of four major and nine non-major component units. This categorization is determined by the entity's relative significance to the State. Additional information or financial statements for each of these individual component units can be obtained from their respective administrative offices. Addresses and additional information about the State's component units are presented in Note I to the financial statements.

Blended Component Units – The State has no blended component units.

2) Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been

segregated for specific activities or objectives. Similar to other state and local governments, Vermont uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus and report on the State's activities in more detail than the government-wide statements. All of the funds of the State have been divided into three categories for reporting purposes: governmental, proprietary, and fiduciary. In turn, the governmental and proprietary funds are divided into major and non-major categories as required by the Governmental Accounting Standards Board. For the governmental and proprietary funds, the major funds are reported in individual columns in the fund financial statements while the non-major funds are presented in a consolidated column in the fund financial statements. Combining schedules or statements in the Other Supplementary Information section present detailed non-major fund activity. Fiduciary funds are reported by fiduciary type (pension and other postemployment benefit trusts, investment trusts, private purpose trusts and agency funds) with combining schedules or statements for the individual pension, other postemployment benefit, and agency funds presented in the Other Supplementary Information section. It is important to note that these fund categories use different accounting methods and should be interpreted differently as described below.

The three categories of funds are Governmental Funds, Proprietary Funds, and Fiduciary Funds. Following is a brief overview of these three major categories of funds.

Governmental Funds
Most of the basic services provided by the State are accounted for in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as the balances of resources available at the end of the fiscal year. This approach uses the "flow of current financial resources" measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the State's finances that assist in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the time period focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Schedules reconciling the governmental funds' Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances to their respective government-wide statements are provided on the pages immediately following each governmental fund financial statement to facilitate this comparison.

The State reports twenty governmental funds of which six are classified as "major" governmental funds. These major funds are the General Fund, Transportation Fund, Education Fund, Special Fund, Federal Revenue Fund and Global Commitment Fund. Each major fund is presented in a separate column in the Governmental Funds' *Balance Sheet* and in the *Statement of Revenues, Expenditures, and Changes in Fund Balance*. The "non-major" governmental funds include the Fish and Wildlife Fund, two capital projects funds, two debt service funds, and nine permanent funds and are presented in one consolidated column in the governmental fund statements. Combining and individual non-major governmental fund statements are reported in the Other Supplementary Information section of this report.

The governmental funds' financial statements immediately follow the government-wide financial statements.

Proprietary Funds
This category of funds includes enterprise funds (business-type) and internal service funds. These funds report activities that operate much like those of commercial enterprises. These funds' financial reports include a *Statement of Net Position;* a *Statement of Revenues, Expenses and Changes in Net Position*; and a *Statement of Cash Flows*.

Enterprise funds provide the same type of information as the business-type activities section in the government-wide financial statements, only in more detail and at the fund level. Like the government-wide financial statements, enterprise fund financial statements use the accrual basis of accounting. Enterprise funds account for services provided to the general public, government, and non-State government entities. They normally derive their revenue by charging user fees in order to cover the costs of their services.

The State reports nine enterprise funds of which three are reported as major funds in separate columns on the proprietary fund statements. These three are the Unemployment Compensation Fund, the Liquor Control Fund, and the Vermont Lottery Commission. The other six enterprise funds are reported as "non-major funds" and are consolidated into one column on the proprietary fund statements.

Internal service funds are used to report activity that provides goods and services to other funds, departments, or agencies of the primary government and its component units, or to other governments on a cost reimbursement basis. Because the activities in these funds primarily benefit governmental activities, they have been combined with the governmental activities in the government-wide statements.

The State reports twenty-three internal service funds, which are reported in one consolidated column entitled "Governmental Activities – Total Internal Service Funds" on the Proprietary Funds Statement of Net Position; Statement of Revenues, Expenses, and Changes In Net Position; and Statement of Cash Flows.

The proprietary funds' financial statements immediately follow the governmental fund financial statements. Combining non-major enterprise and combining internal service fund statements may be found in the Other Supplementary Information section of this report.

Fiduciary Funds
The fiduciary funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. Fiduciary funds are excluded from the government-wide financial statements because the State cannot use these assets to finance its operations. The fiduciary funds use the accrual basis of accounting.

The State's fiduciary funds are divided into the following four basic categories: Pension and Other Postemployment Benefit Trust Funds (includes three separate defined benefit pension plans, three separate defined contribution pension plans, one defined benefit other postemployment benefit plan, and one defined contribution other postemployment benefit plan); an Investment Trust Fund (which reports only the external portion of the Vermont Pension Investment Committee investment pool); a Private Purpose Trust Fund (which reports only the Unclaimed Property Fund); and Agency Funds (ten agency funds which account for the assets held for distribution by the State as an agent for other governmental units, organizations or individuals). These funds financial reports include a *Statement of Fiduciary Net Position;* and a *Statement of Changes in Fiduciary Net Position*.

The fiduciary funds financial statements can be found immediately following the proprietary funds financial statements. Individual pension and other postemployment benefit trust funds, and agency funds financial statements are reported in the Other Supplementary Information section of this report.

3) Discretely Presented Component Units' Financial Statements
As mentioned previously, the State has included the net position and activities of four major component units in individual columns and nine non-major component units in a single column on the statements.

The component units' financial statements can be found immediately after the fiduciary funds. Combining individual non-major component units' financial statements can be found in Other Supplementary Information section of this report.

4) Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the component units' financial statements.

Required Supplementary Information Other Than MD&A
The basic financial statements are followed by a section of required supplementary information. This section includes:

The Schedule of Funding Progress for the three defined benefit pension trust funds and the Schedule of Employer Contributions for the past six years are included in the required supplementary information section. Also, this section includes the Schedule of Funding Progress and the Schedule of Employer Contributions for the other postemployment benefit plans.

Schedules for the General Fund and major Special Revenue Funds comparing their original budgeted amounts; final budgeted amounts; actual inflows, outflows, and balances stated on the budgetary basis; and variances between the final budgeted amounts and actual amounts presented on a budgetary basis. See Note III. A. for additional information regarding the budgetary process, including the budgetary basis.

Notes to Required Supplementary Information include a schedule reconciling the statutory fund balance presented on a budgetary basis to the fund balance prepared on a modified accrual basis as presented in the governmental fund financial statements for each major governmental fund.

Other Supplementary Information
Combining Financial Statements
The combining fund financial statements referred to earlier in connection with non-major funds and non-major component units are presented following the Required Supplementary Information section. The total columns of these combining financial statements carry to the applicable fund financial statement. These combining statements include the following:

Non-major governmental funds
Non-major proprietary (enterprise) funds
Internal service funds
Fiduciary funds (including individual pension and other postemployment benefit trust funds, and agency funds)
Non-major component units

Statistical Section
A statistical section containing selected financial, debt capacity, operating, economic and demographic information is presented immediately following the combining financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position
The State's (governmental and business-type activities) combined net position totals $1.723 billion at the end of 2013, as shown in Table 1. Approximately $1.783 billion of the combined net position represents the State's investment in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges, and other immovable assets) less any related debt still outstanding that was used to acquire those assets. This net investment in capital assets represents resources used to provide services to citizens, and therefore is not available for future spending. Although the State's investment in its capital

assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the primary government's net position (40.1 percent) represents resources that are subject to external restrictions on how they may be used. Internally imposed designations of resources are not presented as restricted net position. The remaining balance of unrestricted net position is a deficit of $751.6 million.

The governmental activities' negative unrestricted net position balance is mainly the result of three actions: 1) long-term debt issued by the State for municipal, non-profit or component unit capital purposes, $218.0 million outstanding at June 30, 2013, that does not result in a governmental activities' capital asset, 2) the amount of net position that is restricted for various purposes, and 3) the net Pension and OPEB liabilities (See Note IV. G. 4.).

At the end of fiscal year 2013, the State reported positive total net position balances in its governmental activities, its business-type activities, and its discretely presented component units.

The following primary government condensed financial statement information is derived from the State's June 30, 2013 and 2012 government-wide Statement of Net Position. Although the government-wide statements include discretely presented component unit activity, the component unit activity has not been included in these condensed statements.

TABLE 1
State of Vermont's Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
ASSETS						
Current assets	$ 1,009.2	$ 916.4	$ 165.3	$ 130.6	$ 1,174.5	$ 1,047.0
Other assets	450.4	444.9	3.5	3.7	453.9	448.6
Capital assets	2,010.8	1,950.6	0.7	0.8	2,011.5	1,951.4
Total assets	3,470.4	3,311.9	169.5	135.1	3,639.9	3,447.0
DEFERRED OUTFLOWS						
Total deferred outflows	7.4	-	-	-	7.4	-
LIABILITIES						
Long-term liabilities	1,374.0	1,239.3	1.4	59.3	1,375.4	1,298.6
Other liabilities	474.7	427.8	74.6	43.6	549.3	471.4
Total liabilities	1,848.7	1,667.1	76.0	102.9	1,924.7	1,770.0
NET POSITION						
Net Investment in capital assets	1,781.9	1,727.6	0.7	0.8	1,782.6	1,728.4
Restricted	605.6	499.4	86.0	26.2	691.6	525.6
Unrestricted (deficit)	(758.4)	(582.2)	6.8	5.2	(751.6)	(577.0)
Total net position	$ 1,629.1	$ 1,644.8	$ 93.5	$ 32.2	$ 1,722.6	$ 1,677.0

Totals may not add due to rounding.

In 2013, governmental activities' expenses exceeded revenues by $35.4 million and received transfers of $24.0 million from business activities, resulting in a $11.4 million (or 0.7 percent) decrease in net position . Business-type activities had an overall increase in net position of 190.4 percent, resulting from an operating profit of $85.3 million and by transfers out of $24.0 million to governmental activities, primarily from the Lottery ($22.9 million) to support education.

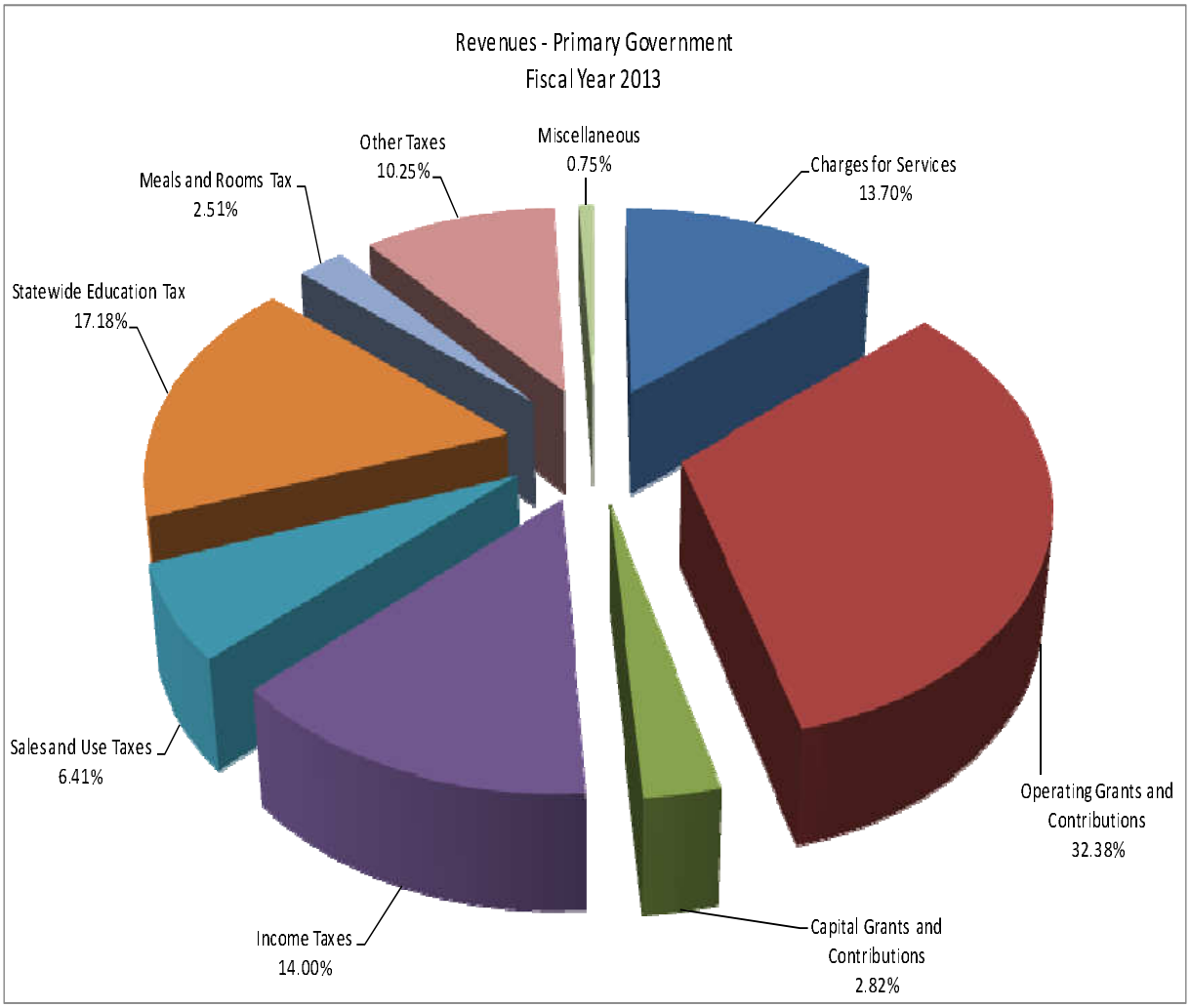
The following condensed table presents a comparison of activity for the fiscal years ended June 30, 2013 and 2012, and contains primary government data only.

TABLE 2
State of Vermont's Changes in Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	432.3	394.9	311.8	296.2	744.1	691.1
Operating grants and contributions	1,739.2	1,590.3	19.7	38.2	1,758.9	1,628.5
Capital grants and contributions	152.9	307.0	-	-	152.9	307.0
General revenues						
Income taxes	760.3	696.7	-	-	760.3	696.7
Sales and use taxes	348.1	347.3	-	-	348.1	347.3
Statewide education tax						
Gross tax assessed	1,072.4	1,063.8	-	-	1,072.4	1,063.8
Income sensitivity adjustment	(139.4)	(150.2)	-	-	(139.4)	(150.2)
Meals and rooms tax	136.6	128.6	-	-	136.6	128.6
Other taxes	556.7	540.7	-	-	556.7	540.7
Miscellaneous	40.4	38.7	0.5	0.2	40.9	38.9
Total revenues	5,099.5	4,957.8	332.0	334.6	5,431.5	5,292.4
Expenses						
General government	176.5	185.5	-	-	176.5	185.5
Protection to persons and property	348.1	328.3	-	-	348.1	328.3
Human services	2,210.9	2,013.6	-	-	2,210.9	2,013.6
Labor	34.8	30.0	-	-	34.8	30.0
General educaton	1,735.8	1,680.4	-	-	1,735.8	1,680.4
Natural resources	94.6	91.5	-	-	94.6	91.5
Commerce and community development	33.8	38.8	-	-	33.8	38.8
Transportation	479.4	542.1	-	-	479.4	542.1
Interest on long-term debt	21.0	19.8	-	-	21.0	19.8
Unemployment compensation	-	-	109.2	139.3	109.2	139.3
Lottery commission	-	-	79.2	78.6	79.2	78.6
Liquor control	-	-	52.1	50.5	52.1	50.5
Other business type expenses	-	-	6.2	5.4	6.2	5.4
Total expenses	5,134.9	4,930.0	246.7	273.8	5,381.6	5,203.8
Increase (decrease) in net position before transfers	(35.4)	27.8	85.3	60.8	49.9	88.6
Transfers net in (out)	24.0	23.0	(24.0)	(23.0)	-	-
Change in net position	(11.4)	50.8	61.3	37.8	49.9	88.6
Net position, beginning of year - restated.	1,640.5	1,594.0	32.2	(5.6)	1,672.7	1,588.4
Net position, end of year	$ 1,629.1	$ 1,644.8	$ 93.5	$ 32.2	$ 1,722.6	$ 1,677.0

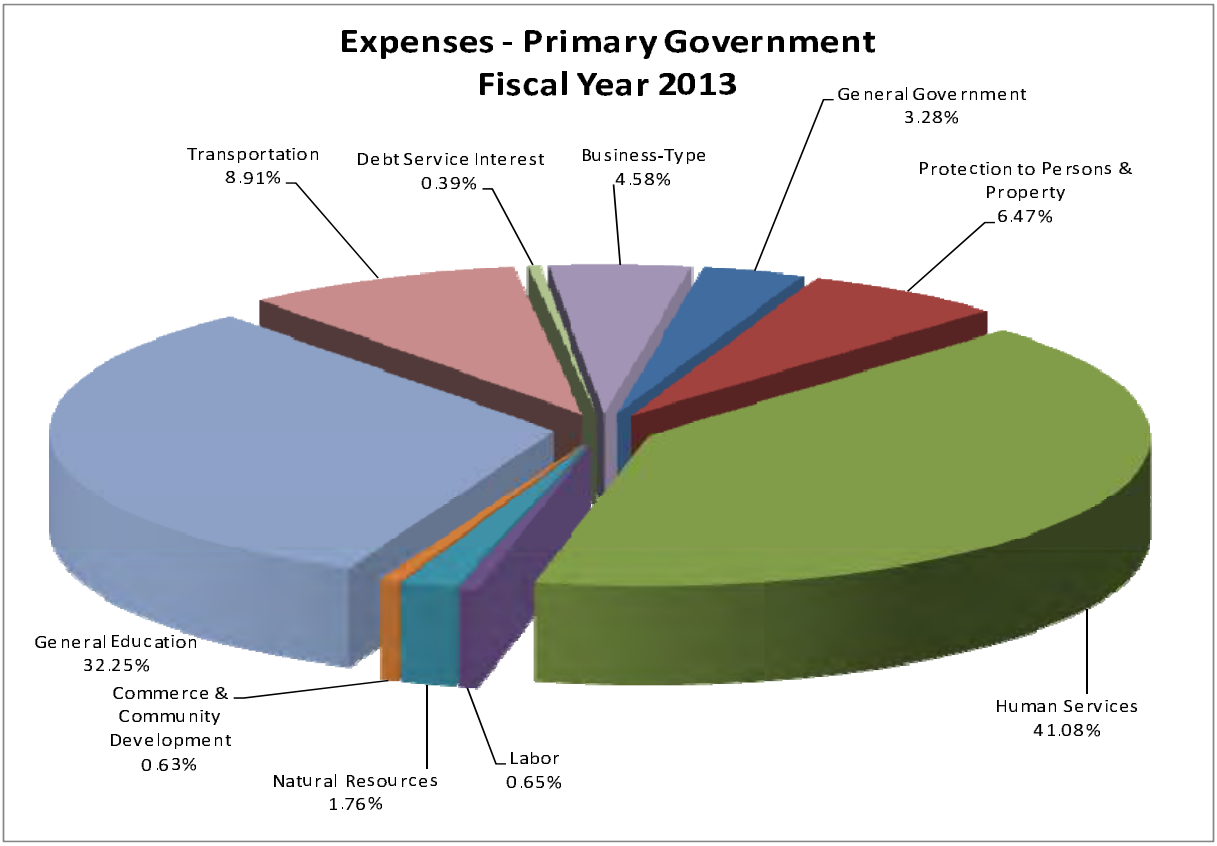
Totals may not add due to rounding.

The following graph illustrates the revenues of Vermont's primary government for fiscal year 2013. Approximately 35.20 percent comes from other entities and governments in the form of operating and capital grants and contributions (primarily federal grant revenues). An additional 31.18 percent of total revenues are generated by the statewide education and income taxes.



Percentages may not equal 100% due to rounding.

The following graph illustrates the percentages of total primary government expenses for fiscal year 2013. The largest category of expense is for human services (41.08 percent of total expense) which provides for Vermont's low-income, elderly care services and persons in state custody in the form of grants for selected services such as food stamps, health care, housing and child protective services. The second most significant category of expense is for general education (32.25 percent of total expenses) which provides for Vermont's support to secondary and higher education.



Percentages may not equal 100% due to rounding.

FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the State of Vermont uses fund accounting to account for its ongoing operations and to demonstrate compliance with finance-related legal requirements imposed by both legislative mandates as well as externally imposed restrictions.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, *unrestricted (unassigned, assigned, and committed) fund balances* may serve as a useful measure of a government's net resources available for spending. At the end of fiscal year 2013, the unrestricted fund balance is 36.94 percent of the total fund balance of governmental funds, which is available for spending on governmental programs at the State's discretion in the coming year. The remainder of this fund balance is restricted or nonspendable to indicate that it is not available for appropriation, such as the principal of the State's Permanent Funds, and other items that are nonspendable, such as advances and long-term receivables. At the end of fiscal year 2013, the State's governmental funds reported combined fund balances of $934.3 million, an increase of $67.7 million in comparison with the prior fiscal year.

The General Fund is the chief operating fund of the State. At the end of fiscal year 2013, the General Fund's total fund balance was $159.2 million and the unassigned portion of this fund balance was $152.2 million. Its remaining fund balance was made up of nonspendable amounts totaling $1.7 million, and assigned amounts totaling $5.3 million. During 2013, total expenditures and other financing uses exceeded total revenues and other financing sources by $19.2 million.

The Special Fund's total fund balance at the end of fiscal year 2013 was $86.0 million, a decrease of 2.6 percent in comparison with 2012. The Special Fund's total fund balance is comprised of $8.8 million as restricted and $82.5 million as committed. Special Fund revenues increased $25.0 million and expenditures increased $12.4 million compared to 2012 resulting in an increase in "excess of revenues over expenditures" of $12.6 million from last fiscal year. Fiscal year 2013 transfers out to other funds exceeded transfers in from other funds by $257.6 million. The Special Fund transferred $293.0 million to the Global Commitment Fund for a portion of the State's payment for Medicaid coverage under the Global Commitment to Health Medicaid waiver.

The Federal Revenue Fund accounts for all federal grants except those federal grants that are awarded to the Agency of Transportation (which are included in the Transportation Fund), the Global Commitment to Health Medicaid waiver (which are included in the Global Commitment Fund) and the Department of Fish and Wildlife (which are included in the Fish and Wildlife Fund, a non-major governmental fund). The Federal Revenue Fund's federal grant revenues for fiscal year 2013 were $877.1 million, a 3.7 percent increase over fiscal year 2012's federal grant revenues. The Federal Revenue Fund's total fund balance at the end of fiscal year 2013 ($392.5 million) was a increase of $40.6 million as compared to the total fund balance at the end of fiscal year 2012.

The fiscal year 2013 ending total fund balance for the Global Commitment Fund was $94.9 million. Revenues and net transfers in of $1,166.2 million exceeded expenditures of $1,160.8 million by $5.4 million.

The Education Fund at June 30, 2013, had a total fund balance of $66.4 million, which represents a $0.6 million increase over fiscal year 2012's ending balance. The State's income sensitivity adjustment to taxpayers' property tax assessment is determined by the Tax Department based on the taxpayers' personal income tax return submissions. Each municipality is notified of the amount each taxpayer is to have applied against their gross property tax bill. The municipality then applies this amount against the homeowner's gross property tax. The State pays this income sensitivity adjustment amount to the municipality directly. The Education Fund's statutory reserve for budget stabilization decreased $0.6 million to $29.3 million, the maximum allowed by statute.

The Transportation Fund's total fund balance was $21.8 million at June 30, 2013, an increase of $3.5 million from the fiscal year 2012 ending total fund balance. This increase was primarily the result of revenue exceeding expenditures by $9.1 million offset by transfers to other funds of $5.7 million. The Transportation Fund's statutory reserve for budget stabilization increased by $0.04 million to $10.8 million, the maximum allowed by statute.

See Note I, Section E for more information regarding these funds.

Proprietary Funds

The State's *enterprise funds* provide the same type of information presented in the business-type activities in the government-wide financial statements, but in more detail. The Unemployment Compensation Trust Fund's total net position balance increased from $26.2 million at June 30, 2012 to $86.0 million at June 30, 2013, an increase of $59.8 million in one year. The fund received Federal grants of $20 million. In addition, the State paid $24 million of the $78 million Title XII cash advance from the U.S. Treasury in fiscal year 2013, and the remaining balance of $53 million was paid in July 2013.

The State's *internal service funds'* total net position at June 30, 2013 was $14.7 million, a $3.1 million decrease from June 30, 2012. This decrease is primarily due to operating loss totaling $10.2 million, net non-operating revenues of $1.5 million and net transfers in from other funds of $5.7 million. It should be remembered that the internal service funds' activity has been combined with the governmental funds' activity in the government-wide financial statements.

Fiduciary Funds

The State's fiduciary funds account for resources held for the benefit of parties outside State government. The *pension and other postemployment benefit trust funds'* net position increased by 5.82 percent to $3.65 billion at June 30, 2013. For more information regarding the State's retirement and other postemployment benefit plans, see Note IV. G. 4. to the financial statements. The Unclaimed Property Fund's total assets balance at June 30, 2013 is $9.5 million, and total liabilities balance is $7.4 million, including the escheat property claims liability estimated at $7.3 million, resulting in ending net position of $2.1 million. The Investment Trust Fund's total net position at June 30, 2013, were $134.8 million. Net position of all fiduciary funds are reported as held in trust for particular purposes.

GENERAL FUND BUDGET HIGHLIGHTS

The State ended fiscal year 2013 with General Fund revenues of $1.289 billion, expenditures of $977.1 million, and net transfers to other funds of $339.2 million (non-GAAP budgetary basis). This was a $91.6 million increase in revenues over the previous year. The fiscal year 2013 General Fund consensus revenue forecast initially approved by the Emergency Board in July, 2012 was subsequently revised upward by the Emergency Board at their January 2013 meeting. Compared to target, the revenues were 2.3 percent above the July, 2012 revised revenue forecast of $1,260.2 million, and 2.1 percent above the January 2013 revenue forecast of $1,262.5 million. The higher than projected General Fund revenues were attributable to higher than expected Personal Income Tax receipts ($36.0 million above target) and Corporate Income Tax receipts ($0.9 million above target). Receipts from the Inheritance and Estate Tax were $6.2 million below target and receipts from Sales and Use Tax were $1.6 million below target. The General Fund results allowed for a fully funded General Fund Budget Stabilization Reserve of $62.5 million, representing the statutory maximum of 5 percent of the prior year appropriations level.

PRIMARY GOVERNMENT'S CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2013, was $2.011 billion, a total increase of 3.1 percent (Table 3). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

Many component unit, municipal and non-profit organizations' capital construction projects and acquisitions are financed by the State, but the assets are actually owned by these other entities. Therefore, these capital assets are recorded on the financial statements of those entities and not on the books of the State. But the general obligation bonds issued by the State to finance these capital assets are reported as a liability of the State's governmental activities. At June 30, 2013, the State had $218.0 million of general obligation bonds outstanding related to capital assets of these other entities. Additional information on the State's capital assets can be found in Note IV. E. of the notes to the financial statements.

TABLE 3
Capital Assets at Fiscal Year End
(Net of depreciation, amounts in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land, Land Use Rights, and Land Improvements	$ 127,485	$ 117,465	$ -	$ -	$ 127,485	$ 117,465
Construction in Progress	525,205	490,630	-	-	525,205	490,630
Works of Art	136	136	-	-	136	136
Buildings and Improvements	246,336	242,487	10	16	246,346	242,503
Machinery and Equipment	63,810	58,663	672	729	64,482	59,392
Infrastructure	1,047,780	1,041,216	-	-	1,047,780	1,041,216
Totals	$ 2,010,752	$ 1,950,597	$ 682	$ 745	$ 2,011,434	$ 1,951,342

Debt Administration

The State has no constitutional or other limit on its power to issue obligations or to incur debt besides borrowing only for public purposes. In 1990, the General Assembly created the Capital Debt Affordability Advisory Committee and made it responsible for overseeing the long-term capital planning for the State. Annually, the General Assembly passes appropriations for capital purposes and authorizes the State Treasurer to issue general obligation bonds to provide the financing for all or a portion of the appropriations. Bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the debt.

During fiscal year 2013, the State of Vermont's outstanding general and special obligation bond debt increased by approximately $50.9 million. This increase can be accounted for by the issuance of $93.2 million of general obligation bonds, $10.8 million of special obligation bonds, and accretion of $0.2 million in principal on the State's capital appreciation bonds offset by the redemption of $53.3 million. Additional information on the State's bonded debt is contained in Note IV. G. 1. of the notes to the financial statements.

The State's general obligation bond ratings are as follows: Aaa by Moody's Investor Service (since February 2007), AA+ by Standard & Poor's Ratings Services (since September 2000), and AAA by Fitch Ratings (since April 2010).

ECONOMIC FACTORS AFFECTING THE STATE

Capital Debt Affordability

Annually the Capital Debt Affordability Advisory Committee (CDAAC) completes a review of the size and affordability of the State tax-supported general obligation debt. By October 1, the CDAAC submits to the Governor and to the General Assembly an estimate of the maximum amount of new long-term general obligation debt that prudently may be authorized for the next two fiscal years. In September 2012, the CDAAC proposed that the maximum amount of long-term general obligation debt authorized to be issued by the State for fiscal years 2014 and 2015 not exceed $159.9 million.

Economic Outlook

Recent data on Vermont economic conditions indicate that the performance of the Vermont economy has generally outperformed the developments in the U.S. economy overall during the past 12 to18 months since the State's last period of economic recession ended, although there has been little change in the economic and revenue outlook over the previous six months to a year. Monetary policy and fiscal policy in Washington contradict one another and prevented achievement of potential economic growth and full recovery. Job market data shows that Vermont labor markets have continued to outpace the U.S. average, with the lowest unemployment rate in New England, and the fourth lowest unemployment rate in the nation in June, 2013. Housing markets continue to heal, but will take several years to recover to prior levels.. Total revenues for the General Fund, Transportation Fund, and Education Fund all closed FY13 about 1.5% above expectations. The large consumption taxes (meals and rooms, sales and use, and motor vehicle purchase and use) are right on target. Such growth is expected to continue into fiscal year 2014.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Vermont's finances for all of Vermont's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

State of Vermont
Department of Finance and Management
109 State Street, 5th Floor
Pavilion Building
Montpelier, Vermont 05609-0401

The State's component units issue their own separately issued financial statements. Their statements may be obtained by directly contacting them at the addresses found in Note I to the State's financial statements.

BASIC FINANCIAL STATEMENTS

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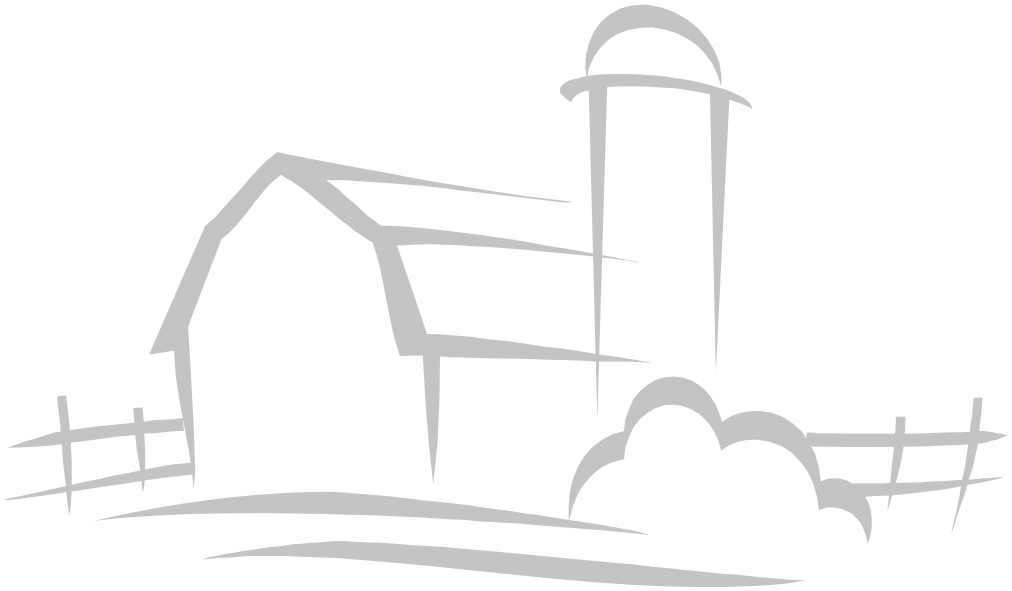

Vermont

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Discretely Presented
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets				
Cash and cash equivalents	$ 564,492,502	$ 117,123,136	$ 681,615,638	$ 128,119,088
Taxes receivable, net	106,665,879	37,732,456	144,398,335	-
Loans and notes receivable, net	25,547,684	899,600	26,447,284	256,443,176
Federal grants receivable	235,442,500	700,812	236,143,312	24,797,475
Other receivables, net	42,806,117	5,232,369	48,038,486	78,814,907
Investments	21,730,392	-	21,730,392	165,617,628
Inventories	2,410,329	5,970,188	8,380,517	2,096,565
Internal balances	2,512,380	(2,512,380)	-	-
Receivable from component units	3,974,173	-	3,974,173	-
Other current assets	3,665,300	107,781	3,773,081	22,327,619
Total current assets	1,009,247,256	165,253,962	1,174,501,218	678,216,458
Noncurrent Assets				
Cash and equivalents	-	449,350	449,350	166,742,106
Taxes receivable	130,303,151	-	130,303,151	-
Other receivables	51,195,223	5,370	51,200,593	-
Loans and notes receivable	239,889,503	1,299,759	241,189,262	2,439,178,458
Investments	29,001,768	1,757,232	30,759,000	625,994,611
Other noncurrent assets	-	-	-	18,479,105
Capital assets				
Land	127,485,005	-	127,485,005	38,186,760
Construction in progress	525,204,864	-	525,204,864	9,774,134
Works of art	136,003	-	136,003	-
Capital assets being depreciated				
Infrastructure	1,859,793,568	-	1,859,793,568	36,440,568
Property, plant and equipment	645,212,675	2,294,191	647,506,866	1,243,240,527
Less accumulated depreciation	(1,147,080,119)	(1,611,829)	(1,148,691,948)	(558,241,574)
Total capital assets, net of depreciation	2,010,751,996	682,362	2,011,434,358	769,400,415
Total noncurrent assets	2,461,141,641	4,194,073	2,465,335,714	4,019,794,695
Total assets	3,470,388,897	169,448,035	3,639,836,932	4,698,011,153
DEFERRED OUTFLOW OF RESOURCES				
Loss on refunding of bonds payable	7,425,908	-	7,425,908	-
Interest rate swap	-	-	-	22,093,309
Total deferred outflow of resources	7,425,908	-	7,425,908	22,093,309

The accompanying notes are an integral part of these financial statements.

	Primary Government			Discretely Presented
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Current Liabilities				
Accounts payable and other current liabilities	299,326,147	6,777,212	306,103,359	115,596,629
Income tax refunds payable	60,900,904	-	60,900,904	-
Payable to primary government	-	-	-	3,974,173
Intergovernmental payable - due to federal government	10,046,801	-	10,046,801	-
Accrued interest payable	8,615,940	-	8,615,940	7,020,950
Current portion of long-term liabilities	94,319,461	57,823,032	152,142,493	228,946,405
Unearned revenue	1,561,391	9,956,190	11,517,581	28,184,163
Total current liabilities	474,770,644	74,556,434	549,327,078	383,722,320
Long-term liabilities				
Lottery prize awards payable	-	1,250,154	1,250,154	-
Bonds, notes and leases payable	547,532,785	-	547,532,785	2,959,097,884
Compensated absences	10,552,514	141,874	10,694,388	-
Claims and judgments	33,276,151	-	33,276,151	-
Other long-term liabilities	782,620,592	-	782,620,592	214,744,808
Total long-term liabilities	1,373,982,042	1,392,028	1,375,374,070	3,173,842,692
Total liabilities	1,848,752,686	75,948,462	1,924,701,148	3,557,565,012
DEFERRED INFLOW OF RESOURCES				
Gain on refunding of bonds payable	-	-	-	58,604,000
Total deferred inflow of resources	-	-	-	58,604,000
NET POSITION				
Net Investment in capital assets	1,781,928,046	682,362	1,782,610,408	172,470,157
Restricted for				
Unemployment compensation	-	86,005,782	86,005,782	-
Funds held in permanent investments				
Expendable	339,376	-	339,376	-
Nonexpendable	7,416,453	-	7,416,453	-
General government	29,627,828	-	29,627,828	32,460,343
Protection to persons and property	21,794,223	-	21,794,223	-
Human services	187,460,581	-	187,460,581	-
Labor	9,290,379	-	9,290,379	-
General education	1,821,627	-	1,821,627	442,684,521
Natural resources	331,082,093	-	331,082,093	-
Commerce and community development	2,873,621	-	2,873,621	275,936,855
Transportation	10,722,535	-	10,722,535	-
Debt service	3,102,071	-	3,102,071	-
Unrestricted (deficit)	(758,396,714)	6,811,429	(751,585,285)	180,383,574
Total net position	$ 1,629,062,119	$ 93,499,573	$ 1,722,561,692	$ 1,103,935,450

STATE OF VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental activities				
General government	$ 176,506,201	$ 31,203,961	$ 11,834,476	$ -
Protection to persons and property	348,121,767	163,635,295	64,416,298	-
Human services	2,210,850,356	64,336,127	1,316,903,346	-
Labor	34,795,358	16,153,692	27,066,751	-
General education	1,735,793,736	2,463,929	123,191,058	-
Natural resources	94,616,364	30,661,768	22,721,907	22,901,028
Commerce and community development	33,762,818	563,450	13,485,317	-
Transportation	479,410,876	123,249,215	158,287,706	129,949,487
Interest on long-term debt	20,947,976	-	1,253,280	-
Total governmental activities	5,134,805,452	432,267,437	1,739,160,139	152,850,515
Business-type activities				
Vermont Lottery Commission	79,209,619	102,088,644	-	-
Liquor Control	52,151,358	54,780,683	-	-
Unemployment Compensation	109,211,403	148,866,298	19,705,388	-
Other	6,218,054	6,064,928	-	-
Total business-type activities	246,790,434	311,800,553	19,705,388	-
Total primary government	$ 5,381,595,886	$ 744,067,990	$ 1,758,865,527	$ 152,850,515
Component Units				
Vermont Student Assistance Corporation	$ 105,927,000	$ 58,349,000	$ 37,126,000	$ -
University of Vermont and State Agricultural College	642,630,000	368,358,000	244,104,000	1,942,000
Vermont State Colleges	200,920,125	119,811,206	64,446,242	16,667,366
Vermont Housing Finance Agency	38,291,000	792,000	-	-
Other	90,216,710	45,531,176	39,933,242	-
Total component units	$ 1,077,984,835	$ 592,841,382	$ 385,609,484	$ 18,609,366

General Revenues	
Taxes	
Personal and corporate income	
Sales and use	
Meals and rooms	
Purchase and use	
Motor fuel	
Statewide education	
Other taxes	
Total taxes	
Investment earnings	
Tobacco litigation settlement	
Additions to non-expendable endowments	
Miscellaneous	
Transfers	
Total general revenues and transfers	
Changes in net position	
Net Position - Beginning, as restated	
Net Position - Ending	

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Discretely Presented Component Units
Governmental Activities	Business-type Activities	Total	
$ (133,467,764)	$ -	$ (133,467,764)	$ -
(120,070,174)	-	(120,070,174)	-
(829,610,883)	-	(829,610,883)	-
8,425,085	-	8,425,085	-
(1,610,138,749)	-	(1,610,138,749)	-
(18,331,661)	-	(18,331,661)	-
(19,714,051)	-	(19,714,051)	-
(67,924,468)	-	(67,924,468)	-
(19,694,696)	-	(19,694,696)	-
(2,810,527,361)	-	(2,810,527,361)	-
-	22,879,025	22,879,025	-
-	2,629,325	2,629,325	-
-	59,360,283	59,360,283	-
-	(153,126)	(153,126)	-
-	84,715,507	84,715,507	-
(2,810,527,361)	84,715,507	(2,725,811,854)	-
			(10,452,000)
-	-	-	(28,226,000)
-	-	-	4,689
-	-	-	(37,499,000)
-	-	-	(4,752,292)
-	-	-	(80,924,603)
760,334,144	-	760,334,144	-
348,137,013	-	348,137,013	-
136,622,667	-	136,622,667	-
83,618,044	-	83,618,044	-
61,375,374	-	61,375,374	-
932,973,127	-	932,973,127	-
411,662,651	-	411,662,651	13,688,640
2,734,723,020	-	2,734,723,020	13,688,640
1,240,033	513,450	1,753,483	86,835,153
34,513,819	-	34,513,819	-
-	-	-	536,886
4,699,852	18,066	4,717,918	19,998,371
23,952,922	(23,952,922)	-	-
2,799,129,646	(23,421,406)	2,775,708,240	121,059,050
(11,397,715)	61,294,101	49,896,386	40,134,447
1,640,459,834	32,205,472	1,672,665,306	1,063,801,003
$ 1,629,062,119	$ 93,499,573	$ 1,722,561,692	$ 1,103,935,450

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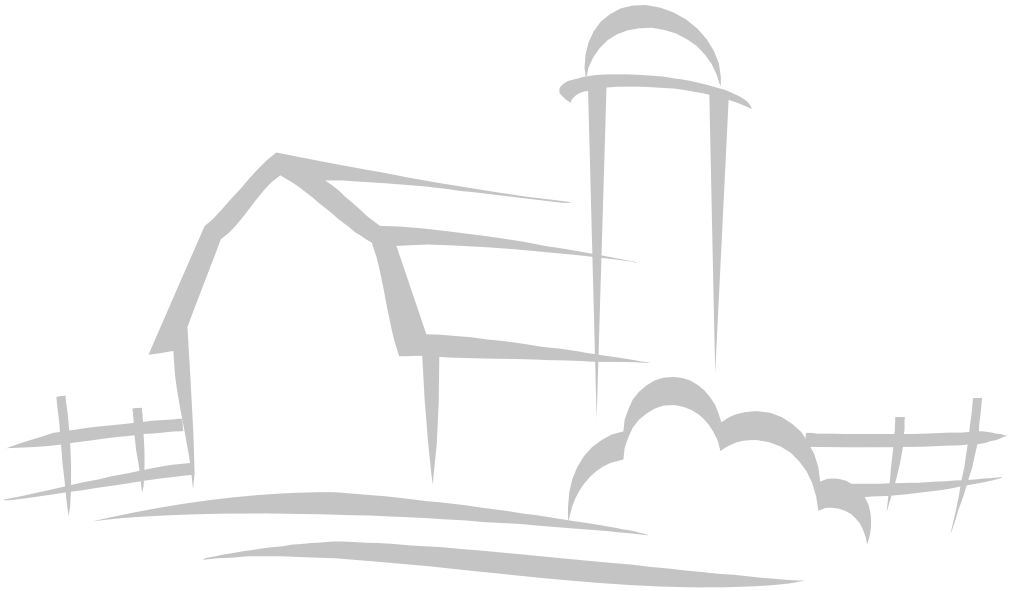

Vermont

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

STATE OF VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Transportation Fund	Education Fund	Special Fund
ASSETS				
Cash and cash equivalents	$ 24,043,284	$ 3,043,499	$ 66,772,069	$ 167,843,903
Investments	-	-	-	15,612,204
Receivables				
Taxes receivable, net	205,600,774	10,355,602	16,161,134	4,729,752
Accrued interest receivable	-	1,850	-	2,009
Notes and loans receivable	699,499	601,801	-	3,798,748
Other receivables, net	7,800,942	12,574,429	-	24,797,068
Intergovernmental receivables - federal	-	-	-	-
government, net	814,744	44,580,290	-	-
Due from other funds	2,243,277	619,816	285,896	2,704,077
Due from component units	2,759,649	-	-	50,799
Interfund receivable	110,583,216	-	-	-
Advances to other funds	301,275	-	-	-
Advances to component units	737,472	-	-	572,826
Total assets	$ 355,584,132	$ 71,777,287	$ 83,219,099	$ 220,111,386
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 28,816,631	$ 32,758,200	$ 12,381,502	$ 25,114,460
Accrued liabilities	9,307,700	5,251,819	140,846	4,556,321
Retainage payable	6,190	39,351	-	102,527
Due to other funds	17,106,321	906,882	12,737	91,153,405
Due to component units	-	-	-	-
Intergovernmental payable - federal government	-	247,803	-	-
Tax refunds payable	9,701,847	-	-	30,101
Unearned revenue	-	52,697	-	127,889
Total liabilities	64,938,689	39,256,752	12,535,085	121,084,703
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	131,461,876	10,675,064	4,249,248	12,998,571
Total deferred inflow of resources	131,461,876	10,675,064	4,249,248	12,998,571
FUND BALANCES				
Nonspendable				
Advances	1,038,747	-	-	-
Long-term notes and loans receivable	699,499	-	-	-
Permanent Fund principal	-	-	-	-
Restricted	-	6,223,686	-	8,832,338
Committed	-	15,621,785	66,434,766	82,533,744
Assigned	5,274,128	-	-	-
Unassigned	152,171,193	-	-	(5,337,970)
Total fund balances	159,183,567	21,845,471	66,434,766	86,028,112
Total liabilities, deferred inflows and fund balances	$ 355,584,132	$ 71,777,287	$ 83,219,099	$ 220,111,386

The accompanying notes are an integral part of these financial statements.

Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Eliminations	Total Governmental Funds
$ 67,258,078	$ 86,544,853	$ 90,250,565	$ -	$ 505,756,251
103,453	-	35,016,503	-	50,732,160
-	-	121,768	-	236,969,030
13,917	-	-	-	17,776
260,337,139	-	-	-	265,437,187
3,053,793	30,980,218	593,867	-	79,800,317
-	-			
133,766,329	55,818,933	462,204	-	235,442,500
1,415,312	44,258,007	97	(51,009,911)	516,571
5,667	-	-	-	2,816,115
-	-	-	-	110,583,216
-	-	-	-	301,275
-	-	-	-	1,310,298
$ 465,953,688	$ 217,602,011	$ 126,445,004	$ (51,009,911)	$ 1,489,682,696
$ 53,653,236	$ 96,333,331	$ 10,496,161	$ -	$ 259,553,521
5,140,707	2,761,949	503,342	-	27,662,684
1,508,976	371,145	1,733,605	-	3,761,794
1,324,771	2,641,104	75,691	(51,009,911)	62,211,000
-	-	152,240	-	152,240
8,662,311	-	-	-	8,910,114
-	-	-	-	9,731,948
1,355,936	-	-	-	1,536,522
71,645,937	102,107,529	12,961,039	(51,009,911)	373,519,823
1,847,366	20,630,014	4,035	-	181,866,174
1,847,366	20,630,014	4,035	-	181,866,174
-	-	-	-	1,038,747
-	-	-	-	699,499
-	-	7,416,453	-	7,416,453
392,460,385	94,864,468	77,614,724	-	579,995,601
-	-	29,569,164	-	194,159,459
-	-	-	-	5,274,128
-	-	(1,120,411)	-	145,712,812
392,460,385	94,864,468	113,479,930	-	934,296,699
$ 465,953,688	$ 217,602,011	$ 126,445,004	$ (51,009,911)	$ 1,489,682,696

STATE OF VERMONT
RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2013

Total fund balances from previous page	$	934,296,699
Capital assets used in governmental activities (net of internal service funds' capital assets) are not considered financial resources for fund perspective reporting and, therefore, are not reported in the funds [1]		1,970,452,523
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to certain funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position		14,671,637
Amounts presented in the statement of net position relating to, but not in fund balances due to a different basis of accounting [1]		189,292,082
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not considered financial liabilities for fund perspective reporting, and therefore are not reported in the funds [1]		(1,479,650,822)
Net position of governmental activities	$	1,629,062,119

[1] Additional information on these amounts can be found in Note II. A.

The accompanying notes are an integral part of these financial statements.

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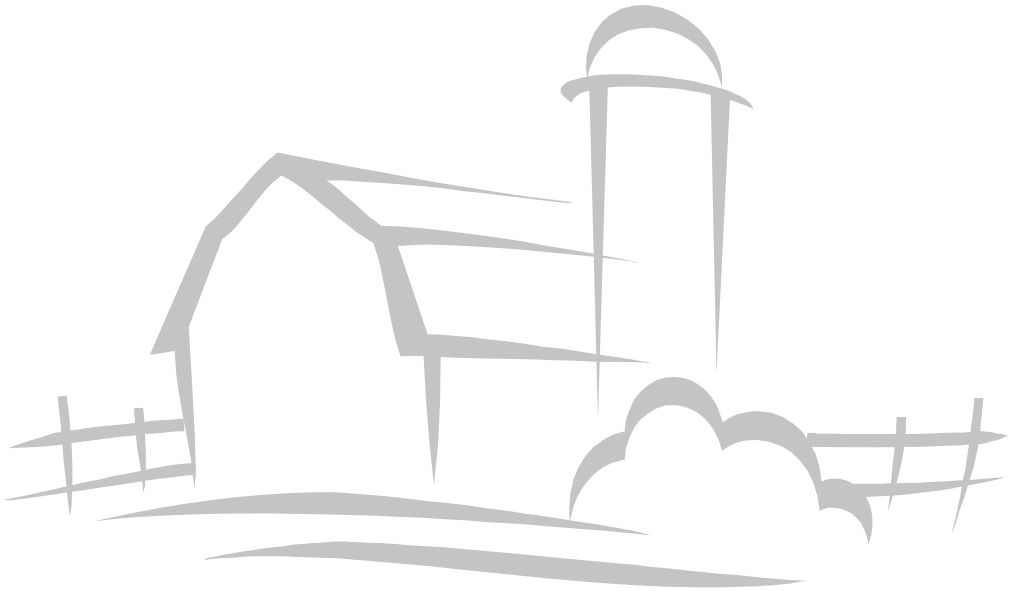

Vermont

STATE OF VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Transportation Fund	Education Fund	Special Fund
REVENUES				
Taxes				
Personal income tax	$ 663,255,624	$ -	$ -	$ 2,225,403
Corporate income tax	94,976,413	-	-	-
Sales and use tax	231,848,562	-	115,793,500	580,573
Meals and rooms tax	135,847,716	-	-	252,066
Motor fuels tax	-	58,913,620	-	1,532,593
Purchase and use tax	-	55,740,944	27,877,100	-
Statewide education tax	-	-	932,973,127	-
Other taxes	144,020,140	19,179,475	492,602	248,335,168
Earnings of departments				
Fees	21,366,142	28,819,729	-	81,148,174
Rents and leases	-	1,515,555	-	2,659,008
Sales of services	2,059,967	54,842	-	18,650,380
Federal grants	-	288,237,193	-	-
Fines, forfeits and penalties	4,663,538	5,124,001	-	21,590,668
Investment income	512,500	48,221	83,414	1,023,411
Licenses				
Business	2,803,141	391,579	-	14,175,691
Non-business	74,244	82,780,852	-	2,866,017
Special assessments	-	-	-	55,482,554
Other revenues	3,336,199	1,878,826	-	98,514,606
Total revenues	1,304,764,186	542,684,837	1,077,219,743	549,036,312
EXPENDITURES				
General government	74,193,273	3,968,106	8,921,465	40,883,075
Protection to persons and property	112,696,487	26,474,990	-	121,738,508
Human services	424,677,286	-	4,370,601	68,628,649
Labor	5,099,761	-	-	4,673,370
General education	153,419,496	-	1,377,538,262	17,999,440
Natural resources	21,977,174	-	-	30,618,329
Commerce and community development	14,220,107	-	-	5,175,933
Transportation	108,440	503,094,883	-	4,015,154
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	806,392,024	533,537,979	1,390,830,328	293,732,458
Excess of revenues over (under) expenditures	498,372,162	9,146,858	(313,610,585)	255,303,854
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of bonds	-	-	-	-
Premium on sale of bonds	-	-	-	-
Transfers in	45,296,928	4,370,272	314,241,035	75,389,655
Transfers out	(562,866,187)	(10,060,053)	-	(332,999,068)
Total other financing sources (uses)	(517,569,259)	(5,689,781)	314,241,035	(257,609,413)
Net change in fund balances	(19,197,097)	3,457,077	630,450	(2,305,559)
Fund balances, July 1 - as restated	178,380,664	18,388,394	65,804,316	88,333,671
Fund balances, June 30	$ 159,183,567	$ 21,845,471	$ 66,434,766	$ 86,028,112

The accompanying notes are an integral part of these statements.

Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Eliminations	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 665,481,027
-	-	-	-	94,976,413
-	-	-	-	348,222,635
-	-	-	-	136,099,782
-	-	929,161	-	61,375,374
-	-	-	-	83,618,044
-	-	-	-	932,973,127
-	-	-	-	412,027,385
-	-	162,880	-	131,496,925
-	-	65,960	-	4,240,523
-	-	5,404	-	20,770,593
877,054,531	692,294,717	7,953,292	-	1,865,539,733
-	-	14,863	-	31,393,070
507,602	-	1,618,473	-	3,793,621
-	-	1,045	-	17,371,456
-	-	7,220,119	-	92,941,232
-	-	3,443	-	55,485,997
980,310	25,756,529	594,737	-	131,061,207
878,542,443	718,051,246	18,569,377	-	5,088,868,144
11,759,181	-	-	-	139,725,100
60,277,318	623,369	-	-	321,810,672
559,308,524	1,154,937,180	25,000	-	2,211,947,240
24,226,926	-	-	-	34,000,057
123,149,505	5,211,671	1,497,045	-	1,678,815,419
18,754,918	-	16,228,382	-	87,578,803
11,540,301	-	-	-	30,936,341
-	-	-	-	507,218,477
-	-	73,416,091		73,416,091
-	-	71,962,177	-	71,962,177
809,016,673	1,160,772,220	163,128,695	-	5,157,410,377
69,525,770	(442,720,974)	(144,559,318)	-	(68,542,233)
-	-	104,005,000	-	104,005,000
-	-	9,922,543	-	9,922,543
3,639,726	469,743,441	73,282,039	(957,128,737)	28,834,359
(32,554,096)	(21,640,302)	(3,555,257)	957,128,737	(6,546,226)
(28,914,370)	448,103,139	183,654,325	-	136,215,676
40,611,400	5,382,165	39,095,007	-	67,673,443
351,848,985	89,482,303	74,384,923	-	866,623,256
$ 392,460,385	$ 94,864,468	$ 113,479,930	$ -	$ 934,296,699

STATE OF VERMONT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total net change in fund balances from the previous page	**$**	**67,673,443**
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (net of internal service funds) [1]		56,760,826
Repayment of bond principal is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repayment		53,250,000
Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position [1]		(114,558,904)
Receivables in the governmental funds that are not available to provide current financial resources are not reported as revenues in the governmental funds		3,710,562
Estimated personal income tax refunds and retirement incentives that are not due and payable are not reported as expenditures in the governmental funds		6,105,529
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds [1]		(81,286,089)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities		(3,053,082)
Total changes in net position of governmental activities as reported on the statement of activities	**$**	**(11,397,715)**

[1] Additional information on these amounts can be found in Note II. B.

The accompanying notes are an integral part of these financial statements.

PROPRIETARY FUNDS FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	Vermont Lottery Commission
ASSETS			
Current Assets			
Cash and cash equivalents	$ 110,313,459	$ 1,360,294	$ 3,484,668
Receivables			
Taxes receivable, net of allowance for uncollectibles	37,732,456	-	-
Accrued interest receivable	-	-	-
Accounts receivable, net of allowance for uncollectibles	1,411,969	1,519,674	1,843,443
Loans receivable	-	-	-
Due from other funds	-	11,054	8,680
Intergovernmental receivables - federal government	700,812	-	-
Inventories, at cost	-	5,405,955	491,788
Prepaid expenses	-	-	6,569
Total current assets	150,158,696	8,296,977	5,835,148
Restricted and Noncurrent Assets			
Cash - subscription reserve fund	-	-	-
Investments	-	-	1,757,232
Loans receivable	-	-	-
Accounts receivable - subcriptions	-	-	-
Imprest cash and change fund - advances	-	75	300,000
Total restricted assets	-	75	2,057,232
Capital Assets			
Land	-	-	-
Construction in progress	-	-	-
Works of art	-	-	-
Capital assets being depreciated/amortized			
Machinery, equipment and buildings	-	2,035,996	252,386
Less accumulated depreciation	-	(1,365,169)	(241,254)
Total capital assets, net of depreciation	-	670,827	11,132
Total restricted and capital assets	-	670,902	2,068,364
Total assets	150,158,696	8,967,879	7,903,512
LIABILITIES			
Current Liabilities			
Accounts payable	619,589	3,315,226	542,971
Accrued salaries and benefits	-	386,104	134,403
Claims payable	-	-	-
Due to lottery winners	-	-	254,537
Due to agents	-	262,897	-
Due to other funds	73,594	260,217	-
Interfund payable	-	-	-
Future and unclaimed prizes payable	-	-	4,487,653
Unearned revenue	9,278,599	1,550	178,832
Capital leases payable	-	-	-
Other current liabilities	54,181,132	-	-
Total current liabilities	64,152,914	4,225,994	5,598,396
Long-term Liabilities			
Unexpired subscriptions	-	-	-
Due to lottery winners	-	-	1,250,154
Claims payable	-	-	-
Advances from other funds	-	75	300,000
Capital leases payable	-	-	-
Other noncurrent liabilities	-	-	-
Total long-term liabilities	-	75	1,550,154
Total liabilities	64,152,914	4,226,069	7,148,550
NET POSITION			
Net investment in capital assets	-	670,827	11,132
Restricted for unemployment compensation benefits	86,005,782	-	-
Unrestricted (deficit)	-	4,070,983	743,830
Total net position	$ 86,005,782	$ 4,741,810	$ 754,962

The accompanying notes are an integral part of these statements.

Business-type Activities-Enterprise Funds			Governmental Activities
Non-major Enterprise Funds	Eliminations	Total Enterprise Funds	Total Internal Service Funds
$ 1,663,440	$ -	$ 116,821,861	$ 58,736,251
-	-	37,732,456	-
21,189	-	21,189	-
436,094	-	5,211,180	23,040,931
899,600	-	899,600	-
78,302	(73,594)	24,442	61,371,814
-	-	700,812	-
72,445	-	5,970,188	2,410,329
101,212	-	107,781	3,665,300
3,272,282	(73,594)	167,489,509	149,224,625
449,350	-	449,350	-
-	-	1,757,232	-
1,299,759	-	1,299,759	-
5,370	-	5,370	-
1,200	-	301,275	-
1,755,679	-	3,812,986	-
-	-	-	26,156
-	-	-	2,307,082
-	-	-	8,200
5,809	-	2,294,191	90,115,215
(5,406)	-	(1,611,829)	(52,157,180)
403	-	682,362	40,299,473
1,756,082	-	4,495,348	40,299,473
5,028,364	(73,594)	171,984,857	189,524,098
486,622	-	4,964,408	15,185,688
70,984	-	591,491	3,695,663
-	-	-	12,327,552
-	-	254,537	-
-	-	262,897	-
215	(73,594)	260,432	254,592
1,989,818	-	1,989,818	108,133,972
-	-	4,487,653	-
47,859	-	9,506,840	24,869
-	-	-	327,296
-	-	54,181,132	-
2,595,498	(73,594)	76,499,208	139,949,632
449,350	-	449,350	-
-	-	1,250,154	-
-	-	-	33,276,151
1,200	-	301,275	-
-	-	-	1,611,975
-	-	-	-
450,550	-	2,000,779	34,888,126
3,046,048	(73,594)	78,499,987	174,837,758
403	-	682,362	38,360,202
-	-	86,005,782	-
1,981,913	-	6,796,726	(23,673,862)
$ 1,982,316	$ -	93,484,870	$ 14,686,340
Adjustment to reflect the consolidation of internal service activities related to enterprise funds.....		14,703	
Net Position - Business-type Activities.....		$ 93,499,573	

STATE OF VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	Vermont Lottery Commission
OPERATING REVENUES			
Charges for sales and services	$ 148,866,298	$ 51,170,922	$ -
Ticket sales	-	-	102,087,388
Rental income	-	-	-
License fees	-	1,188,055	-
Federal donated properties	-	-	-
Advertising revenues	-	-	-
Other operating revenues	-	2,421,706	1,256
Total operating revenues	148,866,298	54,780,683	102,088,644
OPERATING EXPENSES			
Cost of sales and services	-	40,350,846	76,253,346
Claims expense	109,211,403	-	-
Salaries and benefits	-	3,781,393	1,477,901
Insurance premium expense	-	19,694	3,549
Contractual services	-	738,722	116,893
Repairs and maintenance	-	19,451	4,422
Depreciation	-	300,343	6,785
Rental expense	-	92,014	183,715
Utilities and property management	-	321,687	92,851
Non-capital equipment purchased	-	90,402	8,003
Promotions and advertising	-	68,589	769,222
Administration expenses	-	58,474	33,620
Supplies and parts	-	283,177	34,975
Distribution and postage	-	42,015	22,082
Travel	-	36,006	15,277
Other operating expenses	-	5,908,857	172,082
Total operating expenses	109,211,403	52,111,670	79,194,723
Operating income (loss)	39,654,895	2,669,013	22,893,921
NONOPERATING REVENUES (EXPENSES)			
Federal grants	19,705,388	-	-
Capital contributions	-	-	-
Gain on disposal of capital assets	-	18,066	-
Investment income	600,859	-	(87,518)
Total nonoperating revenues (expenses)	20,306,247	18,066	(87,518)
Income (loss) before contributions, and transfers	59,961,142	2,687,079	22,806,403
OTHER FINANCING SOURCES (USES)			
Transfers in	621,042	-	-
Transfers out	(792,820)	(1,095,817)	(22,927,105)
Total other financing sources (uses)	(171,778)	(1,095,817)	(22,927,105)
Changes in net position	59,789,364	1,591,262	(120,702)
Total net position, July 1	26,216,418	3,150,548	875,664
Total net position June 30	$ 86,005,782	$ 4,741,810	$ 754,962

The accompanying notes are an integral part of these financial statements.

Business-type Activities-Enterprise Funds			Governmental Activities
Non-major Enterprise Funds	Eliminations	Total Enterprise Funds	Total Internal Service Funds
$ 3,985,374	$ -	$ 204,022,594	$ 254,345,663
-	-	102,087,388	-
-	-	-	14,529,938
-	-	1,188,055	-
1,539,433	-	1,539,433	-
409,078	-	409,078	-
131,043	-	2,554,005	2,810,875
6,064,928	-	311,800,553	271,686,476
4,760,063	-	121,364,255	32,861,036
-	-	109,211,403	141,606,365
737,253	-	5,996,547	36,556,110
8,478	-	31,721	4,693,047
253,961	-	1,109,576	11,440,415
1,261	-	25,134	8,309,854
1,937	-	309,065	8,575,905
8,537	-	284,266	2,322,639
17,274	-	431,812	12,032,063
5,713	-	104,118	2,492,982
111,473	-	949,284	30,374
25,221	-	117,315	7,660,379
3,781	-	321,933	10,242,644
253,869	-	317,966	85,829
2,203	-	53,486	142,336
22,906	-	6,103,845	2,868,022
6,213,930	-	246,731,726	281,920,000
(149,002)	-	65,068,827	(10,233,524)
-	-	19,705,388	-
-	-	-	659,214
-	-	18,066	696,565
109	-	513,450	97,879
109	-	20,236,904	1,453,658
(148,893)	-	85,305,731	(8,779,866)
1,042,820	(1,413,862)	250,000	6,296,226
(801,042)	1,413,862	(24,202,922)	(628,150)
241,778	-	(23,952,922)	5,668,076
92,885	-	61,352,809	(3,111,790)
1,889,431	-	32,132,061	17,798,130
$ 1,982,316	$ -	$ 93,484,870	$ 14,686,340

Total change in net position reported above.....	$ 61,352,809
Consolidation adjustment of internal service activities related to enterprise funds.....	(58,708)
Change in net position - business type activities..	$ 61,294,101

STATE OF VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	Vermont Lottery Commission
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 149,458,723	$ 50,646,018	$ 102,080,861
Cash paid to suppliers for goods and services	-	(44,104,762)	-
Cash paid to employees for services	-	(3,750,691)	(1,490,301)
Cash paid for prizes and commissions	-	-	(70,053,980)
Cash paid to claimants	(109,638,459)	-	-
Liquor taxes and licenses paid	-	-	-
Cash paid for fees, operations and other	-	-	(7,498,678)
Other operating revenues	-	3,609,761	1,256
Other operating expenses	-	(5,908,857)	-
Total cash provided (used) by operating activities	39,820,264	491,469	23,039,158
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in (out)	(190,012)	(1,095,817)	(22,935,785)
Other nonoperating (expenses)	-	-	-
Interfund loans and advances	-	-	-
Federal grants	19,650,106	-	-
Temporary loan from federal government	(24,851,439)	-	-
Net cash provided (used) by noncapital financing activities	(5,391,345)	(1,095,817)	(22,935,785)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(246,159)	-
Payment of capital leases	-	-	-
Insurance recoveries	-	-	-
Proceeds from sale of capital assets	-	18,066	-
Net cash provided (used) by capital and related financing activities	-	(228,093)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	600,859	-	(51,687)
Proceeds from sales/maturities of investments	-	-	252,261
Interest and penalties received (paid)	-	-	-
Net cash provided (used) by investing activities	600,859	-	200,574
Net increase (decrease) in cash and cash equivalents	35,029,778	(832,441)	303,947
Cash and cash equivalents, July 1	75,283,681	2,192,810	3,480,721
Cash and cash equivalents, June 30	$ 110,313,459	$ 1,360,369	$ 3,784,668
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 39,654,895	$ 2,669,013	$ 22,893,921
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization	-	300,343	6,785
(Increase) decrease in accounts/taxes receivable	592,425	(367,652)	(22,072)
(Increase) decrease in loans receivable	-	-	-
(Increase) decrease in accrued interest receivable	-	-	-
(Increase) decrease in due from other funds	-	(10,893)	-
(Increase) decrease in inventory	-	(165,445)	6,043
(Increase) decrease in prepaid expenses	-	-	(750)
Increase (decrease) in accounts payable	-	(1,518,097)	(362,711)
Increase (decrease) in accrued salaries and benefits	-	30,702	(14,950)
Increase (decrease) in claims payable	(418,029)	-	-
Increase (decrease) in due to lottery winners	-	-	(179,467)
Increase (decrease) in due to agents	-	(260,216)	-
Increase (decrease) in future and unclaimed prizes payable	-	-	696,064
Increase (decrease) in due to other funds	-	(146,259)	-
Increase (decrease) in unearned revenues	-	(100)	16,295
Increase (decrease) in other liabilities	(9,027)	(39,927)	-
Increase (decrease) in subscription reserves	-	-	-
Total adjustments	165,369	(2,177,544)	145,237
Net cash provided (used) by operating activities	$ 39,820,264	$ 491,469	$ 23,039,158
Noncash investing, capital, and financing activities:			
Contributions of capital assets to/from other funds	-	-	-
Retirement of assets not fully depreciated	-	-	-

NOTE: Total cash and cash equivalents at June 30 on the cash flow statement is equal to cash/cash equivalents, cash subscription reserve fund, and imprest cash on the Statement of Net Position.

The accompanying notes are an integral part of these financial statements.

Business-type Activities-Enterprise Funds		Governmental Activities
Non-major Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
$ 5,464,755	$ 307,650,357	$ 257,428,782
(4,779,282)	(48,884,044)	(91,160,561)
(740,274)	(5,981,266)	(35,978,687)
-	(70,053,980)	-
-	(109,638,459)	(142,130,396)
-	-	-
-	(7,498,678)	-
82,314	3,693,331	2,810,875
(38,378)	(5,947,235)	(2,868,022)
(10,865)	63,340,026	(11,898,009)
260,012	(23,961,602)	5,668,076
-	-	-
(43,406)	(43,406)	14,748,929
-	19,650,106	-
-	(24,851,439)	-
216,606	(29,206,341)	20,417,005
-	(246,159)	(12,341,185)
-	-	(1,656,308)
-	-	18,683
-	18,066	1,799,495
-	(228,093)	(12,179,315)
109	549,281	97,879
-	252,261	-
-	-	-
109	801,542	97,879
205,850	34,707,134	(3,562,440)
1,908,140	82,865,352	62,298,691
$ 2,113,990	$ 117,572,486	$ 58,736,251
$ (149,002)	$ 65,068,827	$ (10,233,524)
1,937	309,065	8,575,905
48,425	251,126	(7,157,958)
(957)	(957)	-
(3,540)	(3,540)	-
(4,708)	(15,601)	(4,336,945)
201,814	42,412	(144,104)
(29,690)	(30,440)	(2,440,946)
65,381	(1,815,427)	3,657,839
6,246	21,998	589,807
-	(418,029)	(524,031)
-	(179,467)	-
-	(260,216)	-
-	696,064	-
(4,344)	(150,603)	109,534
(106,175)	(89,980)	6,414
(99)	(49,053)	-
(36,153)	(36,153)	-
138,137	(1,728,801)	(1,664,485)
$ (10,865)	$ 63,340,026	$ (11,898,009)
-	-	659,214
-	-	(1,121,613)

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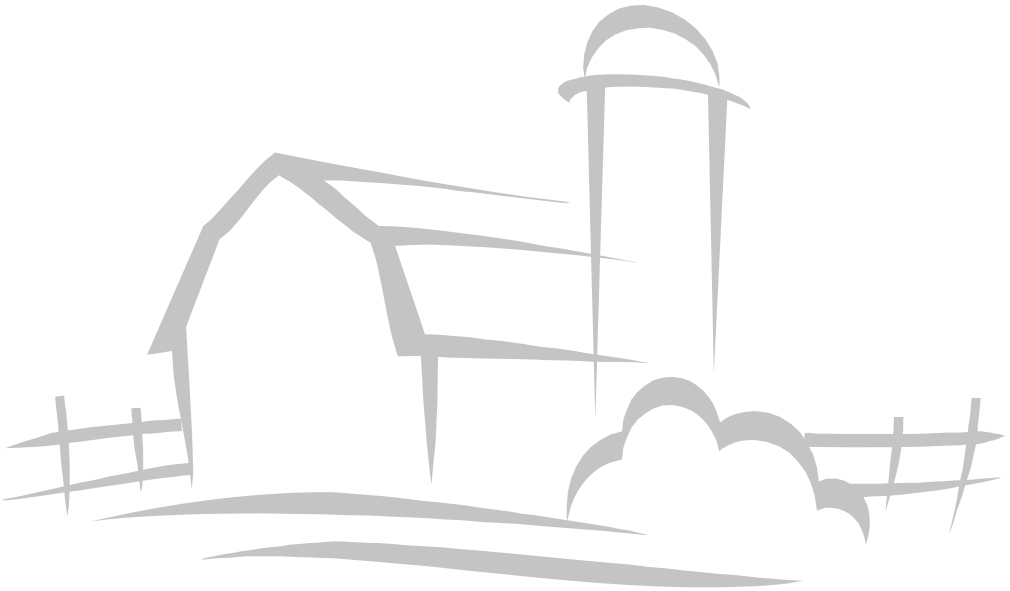

Vermont

FIDUCIARY FUNDS
FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Pension and Other Postemployment Benefits Trust Funds	Investment Trust Fund	Private Purpose Trust Fund Unclaimed Property Fund	Agency Funds
ASSETS				
Cash and cash equivalents	$ 11,576,772	$ -	$ 5,269,301	$ 8,536,548
Investments at fair value				
Pooled investments	3,458,870,072	135,086,814	-	-
Fixed income	7,950,726	-	-	-
Equities	4,972,971	-	843,536	-
Mutual and commingled funds	146,315,045	-	-	-
Receivables				
Taxes	-	-	-	1,184,894
Contributions - current	11,193,774	-	-	-
Contributions - noncurrent	6,907,977	-	-	-
Interest and dividends	359,586	-	-	-
Due from other funds	814,744	-	-	-
Other	372,257	-	-	1,216,912
Prepaid expenses	2,068,374	-	-	-
Other assets	-	-	3,374,176	-
Capital assets				
Construction in progress	3,523,712	-	-	-
Capital assets being depreciated				
Equipment	2,198,127	-	5,261	-
Less accumulated depreciation	(1,000,022)	-	(1,117)	-
Total capital assets, net of depreciation	4,721,817	-	4,144	-
Total assets	3,656,124,115	135,086,814	9,491,157	10,938,354
LIABILITIES				
Accounts payable	4,050,468	136,539	26,198	-
Accrued liabilities	-	-	29,538	-
Claims payable	-	-	7,334,004	-
Retainage payable	608,733	-	-	-
Due to other funds	1,547	-	-	-
Interfund loans payable	-	159,280	-	300,146
Due to depositories	-	-	-	852
Intergovernmental payable - other governments	-	-	-	6,235,619
Amounts held in custody for others	-	-	-	3,187,709
Other liabilities	-	-	-	1,214,028
Total liabilities	4,660,748	295,819	7,389,740	$ 10,938,354
NET POSITION HELD IN TRUST FOR				
Employees' pension benefits	3,624,107,855	-	-	
Employees' other postemployment benefits	27,355,512	-	-	
Pool participants	-	134,790,995	-	
Individuals, organizations and other governments	-	-	2,101,417	
Net position held in trust for benefits and other purposes.	$ 3,651,463,367	$ 134,790,995	$ 2,101,417	

The accompanying notes are an integral part of these financial statements.

STATE OF VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Pension and Other Postemployment Benefits Trust Funds	Investment Trust Fund	Private Purpose Trust Fund Unclaimed Property Fund
ADDITIONS			
Contributions			
Employer - pension benefit	$ 108,567,364	$ -	$ -
Employer - healthcare benefit	46,557,683	-	-
Plan member	78,603,119	-	-
Transfers from non-state systems	23,713	-	-
Medicare part D drug subsidy	1,440,080	-	-
Total contributions	235,191,959	-	-
Investment Income			
Net appreciation in fair value of investments	7,745,261	-	-
Income from pooled investments	278,657,695	10,650,844	-
Dividends	4,338,560	-	-
Interest income	866,637	-	13,525
Other income	458,376	-	-
Total investment income	292,066,529	10,650,844	13,525
Less Investment Expenses			
Investment managers and consultants	14,974,890	584,098	-
Total investment expenses	14,974,890	584,098	-
Net investment income	277,091,639	10,066,746	13,525
Pool participant deposits	-	1,400,000	-
Escheat property remittances	-	-	3,983,511
Total additions	512,283,598	11,466,746	3,997,036
DEDUCTIONS			
Retirement benefits	254,726,511	-	-
Other postemployment benefits	46,530,470	-	-
Refunds of contributions	5,707,353	-	-
Death claims	495,137	-	-
Depreciation	233,280	-	498
Operating expenses	3,698,524	18,578	781,673
Pool participant withdrawal	-	1,400,000	-
Transfers out	-	-	4,003,287
Total deductions	311,391,275	1,418,578	4,785,458
Change in net position held in trust for			
Employees' pension benefits	197,702,024	-	-
Employees' other postemployment benefits	3,190,299	-	-
Pool participants	-	10,048,168	-
Individuals, organizations and other governments	-	-	(788,422)
Net Position, July 1	3,450,571,044	124,742,827	2,889,839
Net Position, June 30	$ 3,651,463,367	$ 134,790,995	$ 2,101,417

The accompanying notes are an integral part of these financial statements.

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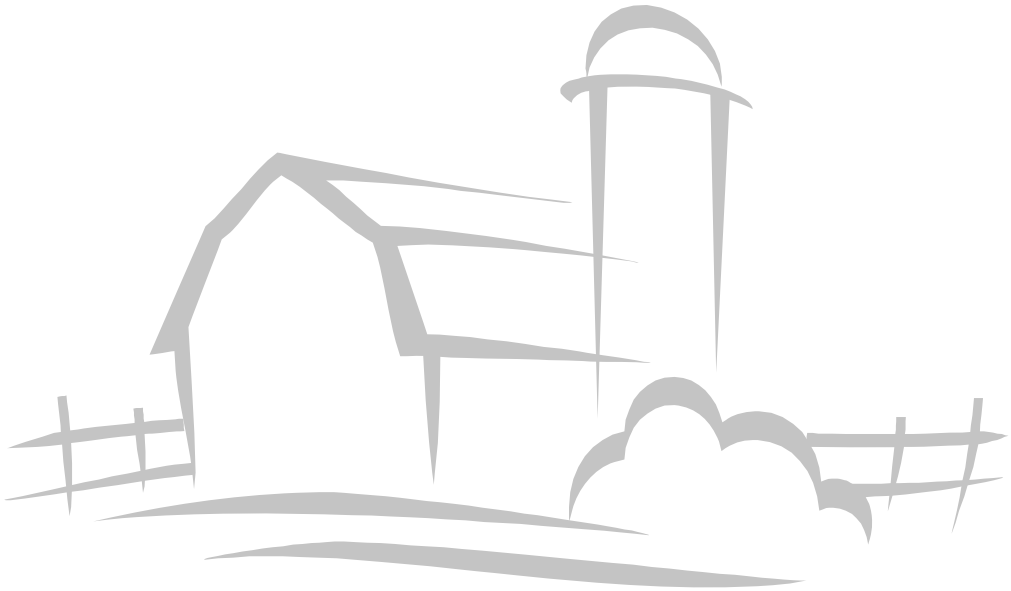

Vermont

COMPONENT UNITS
FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2013

	Vermont Student Assistance Corporation	University of Vermont and State Agricultural College	Vermont State Colleges	Vermont Housing Finance Agency	Non-major Component Units	Total Component Units
ASSETS						
Current Assets						
Cash and cash equivalents	$ 28,651,000	$ 72,452,000	$ 3,446,616	$ 548,000	$ 23,021,472	$ 128,119,088
Investments	3,751,000	136,914,000	7,710,558	3,052,000	14,190,070	165,617,628
Accounts receivable, net	-	21,443,000	10,804,059	-	2,299,442	34,546,501
Accrued interest receivable - loans	11,710,000	-	-	3,611,000	22,465,156	37,786,156
Accrued interest receivable - investments	1,000	-	-	384,000	-	385,000
Loans and notes receivable - current portion	163,525,000	2,538,000	-	26,646,000	63,734,176	256,443,176
Other receivables	1,147,000	3,027,000	-	993,000	930,250	6,097,250
Due from federal government	228,000	8,187,000	-	-	16,382,475	24,797,475
Inventories, at cost	-	1,676,000	304,797	-	115,768	2,096,565
Other current assets	865,000	9,304,000	2,868,378	-	9,290,241	22,327,619
Total current assets	209,878,000	255,541,000	25,134,408	35,234,000	152,429,050	678,216,458
Restricted and Noncurrent Assets						
Cash and cash equivalents	67,912,000	28,560,000	783,947	67,289,000	2,197,159	166,742,106
Investments	-	337,176,000	51,274,407	160,774,000	76,770,204	625,994,611
Loans and notes receivable, net	1,262,750,000	26,410,000	5,223,078	352,280,000	792,515,380	2,439,178,458
Other assets	-	7,800,000	851,136	3,921,000	5,906,969	18,479,105
Total restricted and noncurrent assets	1,330,662,000	399,946,000	58,132,568	584,264,000	877,389,712	3,250,394,280
Capital Assets						
Land	3,150,000	27,709,000	6,428,274	50,000	849,486	38,186,760
Construction in progress	-	-	7,990,626	-	1,783,508	9,774,134
Capital assets, being depreciated						
Buildings and leasehold improvements	17,027,000	745,615,000	242,648,236	1,761,000	31,226,939	1,038,278,175
Equipment, furniture and fixtures	9,347,000	158,536,000	30,853,774	1,278,000	4,947,578	204,962,352
Infrastructure	-	-	36,440,568	-	-	36,440,568
Less accumulated depreciation	(12,693,000)	(395,488,000)	(129,856,677)	(2,333,000)	(17,870,897)	(558,241,574)
Total capital assets, net of depreciation	16,831,000	536,372,000	194,504,801	756,000	20,936,614	769,400,415
Total assets	1,557,371,000	1,191,859,000	277,771,777	620,254,000	1,050,755,376	4,698,011,153
Deferred Outflows of Resources						
Interest rate swaps	-	-	10,603,309	11,490,000	-	22,093,309
Total deferred outflows of resources	-	-	10,603,309	11,490,000	-	22,093,309
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	4,319,000	69,241,000	12,734,330	868,000	5,803,727	92,966,057
Accrued interest payable	-	-	-	4,507,000	100,380	4,607,380
Bond interest payable	429,000	-	-	-	1,984,570	2,413,570
Unearned revenue	6,475,000	13,270,000	6,481,816	-	1,957,347	28,184,163
Other current liabilities	-	-	-	570,000	19,840,423	20,410,423
Current portion of long-term liabilities	500,000	8,414,000	3,637,524	20,615,000	195,779,881	228,946,405
Due to primary government	-	-	-	-	2,663,875	2,663,875
Escrowed cash deposits	-	-	-	2,095,000	125,149	2,220,149
Advances from primary government	-	-	-	-	1,310,298	1,310,298
Total current liabilities	11,723,000	90,925,000	22,853,670	28,655,000	229,565,650	383,722,320
Noncurrent liabilities						
Bonds, notes and leases payable	1,321,938,000	459,710,000	130,935,970	518,191,000	528,322,914	2,959,097,884
Accounts payable and accrued liabilities	-	13,058,000	220,129	-	-	13,278,129
Accrued arbitrage rebate	1,200,000	-	-	-	670,401	1,870,401
Other liabilities	-	127,550,000	60,204,514	11,836,000	5,764	199,596,278
Total noncurrent liabilities	1,323,138,000	600,318,000	191,360,613	530,027,000	528,999,079	3,173,842,692
Total liabilities	1,334,861,000	691,243,000	214,214,283	558,682,000	758,564,729	3,557,565,012
Deferred Inflows of Resources						
Gain on refunding of bonds payable	58,604,000	-	-	-	-	58,604,000
Total deferred inflows of resources	58,604,000	-	-	-	-	58,604,000
NET POSITION						
Net investment in capital assets	16,831,000	71,226,000	65,590,456	756,000	18,066,701	172,470,157
Restricted	33,850,000	385,451,000	23,383,521	66,305,000	242,092,198	751,081,719
Unrestricted	113,225,000	43,939,000	(14,813,174)	6,001,000	32,031,748	180,383,574
Total net position	$ 163,906,000	$ 500,616,000	$ 74,160,803	$ 73,062,000	$ 292,190,647	$ 1,103,935,450

The accompanying notes are an integral part of these financial statements.

STATE OF VERMONT
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2013

	Vermont Student Assistance Corporation	University of Vermont and State Agricultural College	Vermont State Colleges	Vermont Housing Finance Agency	Non-major Component Units	Total Component Units
Expenses						
Salaries and benefits	$ 20,378,000	$ 382,122,000	$ 123,650,069	$ 2,981,000	$ 20,427,347	$ 549,558,416
Other expenses	49,848,000	195,823,000	49,589,479	13,075,000	66,435,939	374,771,418
Scholarship, grants and fellowships	24,535,000	16,015,000	8,007,863	-	-	48,557,863
Depreciation	1,213,000	27,823,000	13,238,072	119,000	1,440,903	43,833,975
Interest on debt	9,953,000	20,847,000	6,434,642	22,116,000	1,912,521	61,263,163
Total expenses	105,927,000	642,630,000	200,920,125	38,291,000	90,216,710	1,077,984,835
Program Revenues						
Charges for services	58,349,000	368,358,000	119,811,206	792,000	45,531,176	592,841,382
Operating grants and contributions	37,126,000	244,104,000	64,446,242	-	39,933,242	385,609,484
Capital grants and contributions	-	1,942,000	16,667,366	-	-	18,609,366
Total program revenues	95,475,000	614,404,000	200,924,814	792,000	85,464,418	997,060,232
Net revenue (expense)	(10,452,000)	(28,226,000)	4,689	(37,499,000)	(4,752,292)	(80,924,603)
General Revenues						
Property transfer tax	-	-	-	-	13,688,640	13,688,640
Investment income	376,000	47,317,000	2,189,117	31,174,000	5,779,036	86,835,153
Additions to non-expendable endowments	-	-	536,886	-	-	536,886
Miscellaneous	19,035,000	-	-	1,298,000	(334,629)	19,998,371
Total general revenues	19,411,000	47,317,000	2,726,003	32,472,000	19,133,047	121,059,050
Changes in net position	8,959,000	19,091,000	2,730,692	(5,027,000)	14,380,755	40,134,447
Net position - beginning, as restated	154,947,000	481,525,000	71,430,111	78,089,000	277,809,892	1,063,801,003
Net position - ending	$ 163,906,000	$ 500,616,000	$ 74,160,803	$ 73,062,000	$ 292,190,647	$ 1,103,935,450

The accompanying notes are an integral part of these financial statements.

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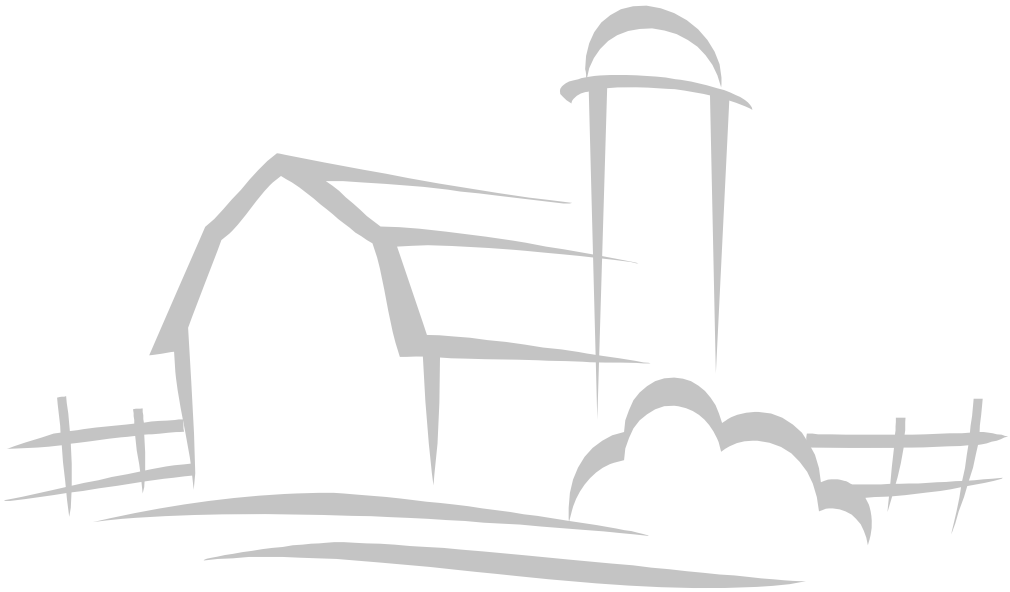

Vermont

STATE OF VERMONT
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

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Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Vermont (State) have been prepared in accordance with generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting policies.

Newly implemented in these statements are the requirements of four new GASB statements. GASB Statement No. 61—*"The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34"* - modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62—*"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements"* - incorporates into the GASB's authoritative literature certain accounting and financial guidance included in FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63—*"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"* - provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, and identifies net position as the residual of all other elements presented in a statement of net financial position. GASB Statement No. 65—*"Items Previously Reported as Assets and Liabilities"* - establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously classified as assets and liabilities; and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The accompanying financial statements present the financial position of the State, the results of operations of the State and the various funds and fund types, and the cash flows of the various proprietary funds. The financial statements are presented as of and for the period ending June 30, 2013.

The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. Financial Reporting Entity

The State of Vermont's Primary Government is comprised of three branches: the Executive Branch, with the Governor as the chief executive officer; the Legislative Branch, with a Senate of 30 members and a House of Representatives of 150 members; and the Judicial Branch, with Supreme and Superior Courts and the Judicial Bureau.

The basic financial statements include all funds, agencies, boards, commissions and organizations of the primary government (the State), as well as component units that have been determined to meet the requirements for inclusion in the State's financial reporting entity.

Component Units are entities that, although legally separate from the State, have been included because they are either financially accountable to the State, or have relationships with the State such that exclusion would cause the State's financial statements to be misleading or incomplete. These component units are financially accountable to the State if the State appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, or if there is a potential for the organization to provide a financial benefit or financial burden to the State. Alternatively, for those organizations where the State does not appoint a voting majority, an organization is financially accountable to the State if the organization is fiscally dependent and the organization provides a financial benefit or financial burden to the State.
Component unit activity may be "blended" into the activity of the primary government or may be reported

separately. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. If they are reported separately, they are called "discretely presented component units" and are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. Each discretely presented component unit's designation as either "major" or "non-major" has been determined by the entity's relative significance to the State. Additional information as well as separately issued financial reports may be obtained by contacting the individual entity desired at the address given in the following text.

Discretely Presented Major Component Units

The "Discretely Presented Component Units" contained in the government-wide financial statements report the financial results of the following entities:

Vermont Student Assistance Corporation (VSAC) – VSAC was established by the Vermont Legislature to provide opportunities for persons who are residents of Vermont to attend colleges or other institutions of higher education by awarding grants and by making, financing, servicing, and guaranteeing loans to qualifying students. The Governor of the State appoints five of the eleven members of the Board of Directors and the State Legislature appoints two additional members. The State of Vermont has the ability to impose its will upon VSAC through its ability to change or alter the organization, structure or programs. For further information, contact their administrative offices at 10 East Allen Street, P.O. Box 2000, Winooski, Vermont 05404.

*University of Vermont (UVM)** - The University of Vermont's financial report includes both the University and the State Agricultural College. The State appoints twelve of the twenty-three voting members of the Board of trustees. The State has assumed an obligation to provide financial support through its annual appropriation and is obligated to maintain the University's debt service reserves. Additional information may be obtained by contacting the university's administrative offices at 348 Waterman Building, Burlington, Vermont 05405.

Vermont State College System (VSC) – The Vermont State College System's annual report includes the financial activity for the following organizations:

System Offices and Services
Community College of Vermont
Castleton State College
Johnson State College
Lyndon State College
Vermont Technical College
Vermont Interactive Television
Allied Health Nursing Program
Vermont Manufacturing Extension Center

The Governor, with the advice and consent of the Senate, appoints nine of the fifteen members of the board of trustees, and the legislature appoints an additional four members. The State has assumed an obligation to provide financial support through its annual appropriations and has assumed an obligation to maintain VSC's debt service reserves. Additional information about the system itself or about any of the individual organizations included in the system may be obtained by contacting the Office of the Chancellor, Vermont State Colleges, PO Box 7, Montpelier VT 05601.

Vermont Housing Finance Agency (VHFA) – The VHFA was created in 1974 by an Act of the General Assembly of the State of Vermont for the purpose of financing and promoting affordable, safe and decent housing opportunities for low- and moderate-income Vermonters. The State appoints voting members of VHFA's board of commissioners. The State is able to impose its will on the organization as the Governor can remove any member of the board at will. The State also has an obligation to maintain the organization's debt reserves. Further information may be obtained by contacting the Agency's administrative offices at 164 Saint Paul Street, Burlington, VT 05401.

Discretely Presented Non-major Component Units

*Vermont Economic Development Authority (VEDA)** – VEDA, a tax-exempt entity, was created by the Vermont Legislature for the purpose of promoting economic prosperity in the State by directly financing eligible businesses and projects including manufacturing, agricultural, and travel and tourism enterprises; and by operating programs which provide eligible borrowers with access to capital. The authority has 15 voting members consisting of the secretary of the agency of commerce and community development, the State treasurer, the secretary of agriculture, food and markets, the commissioner of forest, parks, & recreation, and the commissioner of public service or a designee of any of the above; and ten members, who are residents of the State of Vermont and appointed by the Governor with the advice and consent of the senate. The State has the ability to impose its will on the entity as the Governor can remove members at will and the State can change the structure and activities of the organization at any time. The entity's services primarily benefit the Vermont citizenry.

VEDA also administers the State Infrastructure Bank (SIB), the Drinking Water State Revolving Loan Fund – Private Loans, the Brownsfield Revitalization Fund, and the Clean Energy Development Fund. These four funds are administered for the benefit of the State and are consolidated and reported in VEDA's agency fund. Audited financial statements and additional information may be obtained by contacting VEDA at 58 East State Street, Suite 5, Montpelier, Vermont 05602.

Vermont Housing and Conservation Board (VHCB) – The Legislature created and charged this organization with two goals: create affordable housing for Vermont residents; and conserve and protect Vermont's agricultural lands, historic properties, important natural areas, and recreational lands. The VHCB's Board of Directors is appointed by the Governor of the State of Vermont and there is a material financial relationship. Funding for the organization is provided by the Legislature, comprised of 50% of the revenue from the property transfer tax, plus other monies appropriated from time to time. The VHCB issues audited financial statements under separate cover. Additional information may be obtained by contacting them at 58 East State Street,, Suite 5 Montpelier, Vermont 05602.

Vermont Sustainable Jobs Fund, Inc. (VSJF) – The Vermont Legislature established a jobs program and directed VEDA to set up a non-profit 503(c)(3) corporation to implement the program and to establish policies and procedures in order to fulfill the goals of the jobs program as listed in 10 V.S.A. 326(a). The majority of the voting members of the Board are indirectly appointed by the State. The State is able to impose its will on the organization as the Governor can remove any member at will, and VEDA can appoint the management of the organization. Audited financial statements and additional information may be obtained by contacting them at 58 East State Street, Suite 5, Montpelier, Vermont 05602.

Vermont Municipal Bond Bank (VMBB) – The Vermont Legislature established the VMBB for the express purpose of fostering and promoting adequate capital markets and facilities for borrowing money by governmental units of the State of Vermont for the financing of public improvements or other public purposes. The Governor appoints the four directors, and can remove members at will. VMBB is authorized, with written consent of the Governor and the State Treasurer, to carry out these charges by borrowing money or by issuing its own bonds and notes to obtain funds which are then utilized to purchase bonds and notes issued by local governmental entities. The State is obligated annually to appropriate any funds necessary to maintain required reserves of the bond bank. The VMBB has an annual fiscal year (December 31) and issues audited financial statements under separate cover.

VMBB also administers the Special Environmental Revolving Fund in accordance with 24 V.S.A. 4753(b). This fund was created by the Vermont Legislature for the purpose of fostering and promoting timely expenditures by municipalities for water supply, water pollution control, and solid waste management. The fund has a June 30 year-end and issues its own audited financial statements. For financial reporting purposes, its financial statements have been consolidated with the State's Federal Revenue Fund financial statements in this CAFR. Further information regarding VMBB or the Special Environmental Revolving Fund may be obtained by contacting VMBB at 20 Winooski Falls Way, Winooski VT 05404.

Vermont Educational and Health Buildings Financing Agency (VEHBFA) – VEHBFA is a non-profit entity which

finances or assists in the financing of projects for eligible Vermont educational or health related entities. The majority of the Board of VEHBFA is appointed by the Governor of the State. The Board may appoint officers, agents, consultants and employees and fix their compensation, subject to approval of the Governor. It has a December 31 (annual) year-end and issues audited financial statements under separate cover. For additional information, they may be contacted at 20 Winooski Falls Way, Winooski VT 05404.

Vermont Center For Geographic Information (VCGI) –VCGI is a public non-profit chartered by the State of Vermont to assist the Vermont GIS Community with creating a comprehensive strategy for the development and use of a geographic information system. The State appoints all members, and has the ability to impose its will on the entity as directors serve at the pleasure of the Governor. Audited financial statements or additional information may be obtained by contacting them at 58 South Main Street, Suite 2, Waterbury, Vermont 05676.

Vermont Veterans' Home – The Vermont Veterans' Home was originally chartered in 1884 by the Vermont Legislature and incorporated on November 24, 1884. A Board of Trustees appointed by the Governor oversees the operations of the Vermont Veterans' Home. The State can impose its will on the entity as directors serve at the pleasure of the Governor. The Vermont Veterans' Home is financially accountable to the State as the State provides all funding and controls the finances of the Home. The Vermont Veterans' Home issues its own audited financial statements under separate cover. Additional information may be obtained by contacting them at 325 North Street, Bennington, Vermont 05201.

Vermont Rehabilitation Corporation – The Vermont Rehabilitation Corporation is a non-profit quasi-public corporation that was incorporated in 1935 in accordance with 10 V.S.A. 272-277. Its main purpose is to provide a limited source of loan funds to family farmers or prospective family farmers under terms and conditions which will reduce their investment costs to an extent that offers them a reasonable chance to succeed. The Vermont Rehabilitation Corporation is included as a component unit of the State as it is closely related and financially integrated with the State of Vermont. Additional information may be obtained by contacting the Vermont State Treasurer at 109 State Street, 4th Floor, Montpelier, Vermont 05609-6200.

Vermont Telecommunications Authority – The Vermont Telecommunications Authority was created in June 2007, pursuant to 30 V.S.A. 8061, for the purposes of ensuring that all regions of the State have access to affordable broadband and mobile telecommunications services and promoting and facilitating ongoing upgrades in statewide telecommunications infrastructure in the most efficient and economically feasible manner. The State appoints all members of the Vermont Telecommunications Authority and the State has the ability to impose its will on the entity as it must approve all bonds issued by the authority. Additional information may be obtained by contacting the corporation at 100 State Street, Suite 342, Montpelier VT 05620-3205.

Vermont Transportation Authority (VTA) – The Vermont Legislature specifically authorized the creation of VTA pursuant to the acquisition, operation, and support of an authorized transportation facility as defined in 29 V.S.A. 701. All members of the authority are appointed by the Governor, and all resources revert to the State on termination of the authority. The VTA, currently inactive, has remained in the State Statutes in case it becomes necessary to reactivate it in the future. Additional information may be obtained from the Agency of Transportation – Rail Division, National Life Building, Montpelier, Vermont 05633–5001.

∗ - Indicates entity was audited by KPMG LLP.

Joint Ventures

A joint venture is a legal entity or other contractual arrangement that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or responsibility. The Tri-State Lotto Commission (31 V.S.A. 673) is classified as a joint venture. The financial activities' of this organization have not been included in the State's financial statements; however, see Note V. E. for additional information regarding the organization.

Jointly-governed Organizations

The following organizations are classified as jointly-governed organizations, because they represent units over which control is exercised jointly by the State along with various other governmental agencies. There is no specific ongoing financial benefit or burden for the State associated with these organizations, which distinguishes these arrangements from those classified as joint ventures. The financial activities of these organizations are not included in the State's financial statements.

Connecticut River Valley Flood Control Commission (10 V.S.A. 1153)
New England Board of Higher Education (16 V.S.A. 2692)
New England Interstate Water Pollution Control Commission (10 V.S.A. 1333)
Northeastern Forest Fire Protection Commission (10 V.S.A. 2503)

Related Organizations

Related organizations are separate legal entities for which the primary government appoints a voting majority of the board members, but does not have either (a) the ability to impose its will on the organization or (b) a relationship of financial benefit or burden with the organization. The Vermont State Housing Authority (24 V.S.A. 4005) has been classified as a related organization, and thus their financial activity has not been included in the State's financial statements.

Excluded Organizations

The following entities have been determined not to be part of the reporting entity after applying the criteria of GASB Statement No. 14 "The Financial Reporting Entity", as amended by GASB Statements No. 61.

Vermont Information Technology Leaders (VITL)
Vermont Council on the Humanities
Vermont Council on the Arts
Vermont Historical Society
Vermont Public Power Supply Authority
Connecticut River Atlantic Salmon Commission (10 V.S.A. 4654)
Texas Low Level Radioactive Waste Disposal Compact (10 V.S.A. 7013)

These organizations have not been included in the reporting entity because they are legally separate entities and the voting majority of their governing boards are not appointed by the State. They are not fiscally dependent on the State's primary government and exclusion from the reporting entity would not render Vermont's financial statements incomplete or misleading.

B. Basis of Presentation—Government-wide Financial Statements

The basic financial statements of the State of Vermont include both *government-wide statements* and *fund financial statements*. The focus of the government-wide statements is on reporting the operating results and financial position of the State as a whole and present a longer-term view of the State's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the State and present a shorter-term view of how operations were financed and what remains available for future spending.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements.

The State of Vermont's Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information on all of the financial activities of both the primary government and its component units, except fiduciary activity. Fiduciary fund activity has not been included in these entity-wide

statements in accordance with the requirements of GASB Statement No. 34. For the most part, the effect of interfund activity has also been removed from these government-wide statements. Primary government activities are segregated between governmental activities and business-type activities. Governmental activities' sources of revenues are normally taxes and inter-governmental revenues. Business-type activities rely, to a significant extent, on fees and charges for support. Further, the primary government is reported separately from its legally separate discretely presented component units.

The Statement of Activities demonstrates the degree to which direct expenses of a given function, segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Items not properly included among program revenues are reported instead as general revenues. Taxes and other resources that are dedicated internally are reported as general revenues rather than as program revenues. The State does not allocate general government (indirect) expenses to other functions.

Net position (the amount by which assets and deferred outflows exceed liabilities and deferred inflows) are reported on the Statement of Net Position in three components:

(1) Net investment in capital assets– total amount of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds and other debt that are related to the acquisition or construction of those assets, including related deferred outflows of resources and deferred inflows of resources;

(2) Restricted – for amounts when constraints placed on the net position are either externally imposed, or are imposed by constitutional provisions or enabling legislation.

(3) Unrestricted – the total net position which do not fit the two preceding categories.

When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted assets first with unrestricted resources utilized as needed.

C. Basis of Presentation—Fund Financial Statements

The financial activities of the State are recorded in individual funds, each of which is deemed to be a separate accounting entity. A fund is defined as a separate accounting entity with a self-balancing set of accounts. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and discretely presented component units. Major governmental funds, major proprietary funds, and major component units are reported in individual columns in their respective fund financial statements. Non-major funds and component units are combined and reported in a single column. The single test for classifying a fund as either major or non-major consists of applying the following two steps:

a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, etc) for all funds in that category or type (that is total governmental or total enterprise), **and**
b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

In addition to the above major fund criteria, any other governmental or enterprise fund that government officials believe is particularly important to financial statement users (i.e. because of public interest or for consistency) may be reported as a major fund.

The financial activities of the State reported in the accompanying financial statements have been classified into the following governmental, proprietary and fiduciary funds:

Governmental Funds

General Fund – The Vermont Legislature has established the General Fund as the basic operating fund of the State. As such, the General Fund is used to finance and to account for all expenditures for which no special revenues have otherwise been provided by law. All revenues received by the State and not otherwise required by law to be deposited in any other designated fund or used for any designated purpose are deposited in the General Fund. Unexpended and/or unencumbered appropriation balances will, unless otherwise directed by law, revert to fund balance at the end of the fiscal year to be re-appropriated in the future.

Special Revenue Funds **-** These funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects, and include the following:

Transportation Fund – This fund is a major special revenue fund. It is used primarily for preservation, maintenance, and improvements to the State's transportation infrastructure. This infrastructure includes highways, bridges, railroads, airports, public transportation, and other related activities. The fund is also used for construction of transportation capital facilities. The primary sources of revenue in this fund are motor fuel taxes, motor vehicle purchase and use tax, motor vehicle license and registration fees, traffic ticket revenue, other statutorily specified revenues, as well as reimbursements from the federal government for transportation projects.

Education Fund – This fund is a major special revenue fund. It was established by the Vermont Legislature to equalize statewide education funding requirements. Sources of funding and allowable expenditures are codified in 16 V.S.A. 4025. These allowable expenditures include payments to school districts and supervisory unions for the support of education, the costs of short-term borrowing, and statewide education tax income sensitivity adjustments. Funding includes the statewide education tax, allocations of other taxes, State lottery profits, Medicaid reimbursements, and appropriated transfers from the General Fund.

Special Fund – This fund is a major special revenue fund. It combines many individual special revenue funds that account for proceeds or specific revenues not categorized above that are limited to expenditures for specific purposes. These purposes cross the entire range of State government activities.

Federal Revenue Fund – This fund is a major special revenue fund. All federal grant receipts are recorded in this fund except for those federal funds specifically designated for human services as part of the global commitment to health Medicaid waiver, transportation or fish and wildlife purposes (which are recorded in the State's Global Commitment Fund, Transportation Fund or Fish and Wildlife Fund respectively).

Global Commitment (to Health) Fund – This fund is a major special revenue fund created in accordance with Section16c of 33 V.S.A. 1901(e). It is the result of Vermont entering into a Medicaid demonstration waiver agreement with the Federal Government. The original waiver agreement was amended on January 1, 2011, was renewed on October 2, 2013, and will expire on December 31, 2016. This agreement caps Federal expenditures in Medicaid services, but gives Vermont great latitude in promoting universal access to health care, cost containment, and effective administration. The State will be financially at risk for managing costs within the capped limits but stands to benefit

from any savings realized from program efficiencies. As part of the agreement, the Agency of Human Resources (AHS) has contracted with the Department of Vermont Health Access (DVHA), which serves as a publicly sponsored managed care organization, and adheres to all Federal managed care organization regulations.

In addition to the grant received from the Federal Government, General and Special Fund resources are used to fund payments from the Agency of Human Services to the managed care organization within the DVHA for the purpose of providing services under the global commitment to health care waiver approved by the Federal Centers for Medicare and Medicaid Services under Section 1115 of the Social Security Act. These payments are reported as transfers out of the General and Special Funds and as transfers in to the Global Commitment Fund. These funds will be expended as appropriated by the general assembly, authorized by the Director of the DVHA, and approved by the Commissioner of Finance and Management consistent with agreements between the managed care organization within the DVHA and departments delivering eligible services under the waiver. These resources paid to the Global Commitment Fund are adjusted by the AHS each quarter to the actual expenditures paid.

Non-major governmental funds column includes the balances and activities of the following:

Fish and Wildlife Fund – This fund is a non-major special revenue fund. The fund's revenue is committed by statute and can only be utilized for fish and wildlife purposes. Principal sources of revenue include license fees and federal grants.

Capital Projects Funds – These funds, consisting of the General Obligation Bond Projects Fund and the Transportation Infrastructure Bond Projects Fund, are non-major governmental funds, and account for and report financial resources that are restricted, committed, or assigned to be used for expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. These capital expenditures may be for the State directly or for outside organizations such as the Vermont State College System, municipalities, etc.

Debt Service Funds—These funds, consisting of the General Obligation Debt Service Fund and the Transportation Infrastructure Debt Service Fund, are non-major governmental funds, and account for and report financial resources that are restricted, committed, or assigned to be used for expenditures for bond principal and interest.

Permanent Funds – These are non-major governmental funds that report resources that are legally restricted to the extent that only earnings, not principal, may be expended for purposes that benefit the government or citizenry, such as higher education, cemetery care, and monument preservation.

Proprietary Funds

These funds account for those activities for which the intent of management is to recover the cost of providing goods or services to the general public or other departments of government primarily through user charges; or where prudent financial management dictates that periodic determinations of results of operations are appropriate. These funds include the following types:

Enterprise Funds – These nine funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The State's intent in these funds is to recover the costs including depreciation expense associated with providing the goods and services to the public primarily through user charges. Three of these enterprise funds, reporting the activities of the State's unemployment compensation program, the liquor control board, and the State's lottery program, are reported as "major funds" while the remaining six are reported as non-major funds.

Unemployment Compensation Trust Fund – accounts for federal monies and unemployment taxes collected from employers to provide payment of benefits to the unemployed (21 V.S.A. Chapter 17).

Liquor Control Fund – accounts for the operations of the Liquor Control Board which purchases, distributes, and sells distilled spirits through its agency stores (7 V.S.A. Chapter 40).

Vermont Lottery Commission – accounts for the operations of the Vermont Lottery (31 V.S.A. Chapter 14). The net profits of the Vermont Lottery Commission are used to support public education and are transferred monthly to the Education Fund.

Internal Service Funds – These twenty-three separate funds are used to account for the financing of goods and services provided by one State department to other State agencies, departments, or intergovernmental units. Their objective is not to make a profit but rather to recover the total cost of providing these goods and services by charging users of their services and products. Activities accounted for in the State's internal service funds include risk management; employee group insurance programs; equipment acquisition and maintenance; rental and maintenance of facilities; financial, human resource, audit, and information technology services; postage, copying and supply procurement services; and State vehicle fleet management. In the government-wide financial statements, Internal Service Funds are reported within the governmental activities.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. These funds include the following:

Pension and Other Postemployment Benefit Trust Funds – These funds are used to report assets and associated financial activity that are held in trust for the members and beneficiaries of the Vermont State Retirement (defined benefit) System, the Vermont State Defined Contribution Retirement System, the State Teachers' Retirement (defined benefit) System, the Vermont Municipal Employees' (defined benefit) Retirement System, the Vermont Municipal Employees' Defined Contribution Plan, the State's Single Deposit Investment Account, the State Employees' Postemployment Benefit Trust Fund and the Vermont Municipal Employees' Health Benefit Fund.

Investment Trust Fund – Under the authority granted in 3 V.S.A. 523, beginning in Fiscal Year 2009, the State Treasurer created and began accepting deposits into the Vermont Pension Investment Committee (VPIC) Investment Pool, an external investment pool. The investment trust fund is used to account for the investments of the external participants in the Pool.

Private Purpose Trust Fund – The State's only fund in this category is the *Unclaimed Property Fund*, which accounts for all abandoned property that is required to be remitted to the State. The Unclaimed Property Division in the State Treasurer's Office administers procedures for returning this property to its rightful owner if they can be located. In addition to monetary assets, from time to time, the Unclaimed Property Division may have custody of tangible property that has not been valued and therefore is not reported in the financial statements. Each year, the fund retains the greater of $100,000 or fifty percent of the amount received during the previous year, and the balance, after deduction for the Unclaimed Property Division's operating expenses, is transferred to the General Fund. Additionally, amounts which have been held by the Unclaimed Property Division for at least 10 years and which are less than $100 are transferred to the Vermont Higher Education Endowment Fund (a permanent fund). It should be noted that any of the funds so transferred above will be returned to their rightful owners upon request at any time in the future.

Agency Funds – These funds report assets and liabilities for deposits and investments entrusted to the State as agent for others. They have no net position and report items such as Federal income tax withholding, social security tax withholding, etc.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and

basis of accounting. Measurement focus indicates the type of resources being measured, such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Statewide education property taxes are recognized as revenues in the year for which the taxes are levied. This property tax is levied by the State on July 1, is included in the property tax bills levied by municipalities, and is collected by municipalities. The municipalities, by December 1 and June 1, must make payment to the State Treasurer in the amount specified by the Commissioner of Taxes.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Major revenue sources considered susceptible to accrual include federal grants, interest on investments, and sales and income taxes.

Expenditures generally are recorded when a liability is due and payable, with the following exceptions:

a. Employees' vested annual, personal, and compensatory leave time are recorded as expenditures when utilized. The amount of accumulated leave unpaid at the end of the fiscal year has been reported only in the accrual-basis financial statements and does not include any accruals for the State's share of any payroll taxes that will be due when the expenditures are actually paid. See the "Compensated Absences" section of this footnote for additional information.
b. Interest on general long-term debt is recognized when due to be paid.
c. Debt service expenditures and claims and judgments are recorded only when payment is due to be paid.

Proprietary Funds, Fiduciary Funds, and Discretely Presented Proprietary Fund Type Component Units **–** The financial statements presented for these types of funds use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non–operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are categorized as non-operating revenues and expenses.

E. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash balances for most funds are deposited with the State Treasurer. Except for the Pension and Vermont Municipal Employees Health Benefit Trust Funds, Investment Trust Fund, and Capital Projects Funds, cash balances deposited with the State Treasurer are pooled together and amounts that are not immediately required are invested in short-term investments.

Income earned by these short-term investments is allocated based on average daily balances to those funds authorized to receive it while any remaining earnings are deposited in the General Fund.

Cash and cash equivalents as reported in the financial statements include bank accounts, imprest cash, short-term investments with an original maturity of three months or less such as certificates of deposit, commercial paper, federal government agencies' discount notes, money market accounts, and repurchase agreements.

Investments

Investments are stated at fair value. Fair values of investments are based on quoted market prices. For additional information regarding types of investments and basis of valuation, see Note IV.B.—Investments.

Receivables

Receivables in the government-wide financial statements represent amounts due to the State at June 30 that will be collected at some time in the future. They consist primarily of accrued taxes and federal grants and are reported net of allowance for uncollectible accounts. See Note IV.C.—Accounts Receivable for further information.

Receivables reported in the governmental funds financial statements consist primarily of accrued taxes, federal grants receivable, and notes receivable from drinking water and clean water special environmental loans. Other receivables include primarily fees, fines, and expenditure reimbursements due to the Medicaid program from drug companies and third party insurance companies. Revenues accrued in the governmental funds' financial statements consist primarily of accrued taxes, and notes receivable from component units that will be collected by the State within 60 days after year-end. Amounts estimated to be collected after the 60-day revenue recognition period are recorded as unavailable revenues. Federal receivables are amounts due from the federal government to reimburse the State's expenditures incurred pursuant to federally funded programs. Federal grant revenues are accrued when the qualifying expenditure is incurred. Notes receivable in the General Fund consist primarily of Vermont Economic Development Authority notes purchased by the State. See Note V.C. – Contingent Liabilities for further information. No allowances for uncollectible amounts have been recognized in these notes receivable.

Inventories

Inventories of materials and supplies in governmental funds are recorded as expenditures when purchased. Inventories reported in the proprietary funds are valued at the lower of cost or market, except inventories reported in the Federal Surplus Property Fund (an enterprise fund) are reported at the federal acquisition cost. Cost valuation methods used in the various funds are as follows: weighted average method – Liquor Control enterprise fund, Vermont Life Magazine enterprise fund, Highway Garage internal service fund, and Offender Work Programs internal service fund; specific identification method – Vermont Lottery Commission enterprise fund, Federal Surplus Property enterprise fund, and State Surplus Property internal service fund; and first-in, first-out method – Postage internal service fund.

Prepaid Expenses

In the governmental funds, all purchases are recorded as expenditures when the invoice is entered for payment. In the proprietary and fiduciary funds, certain payments reflect costs applicable to future accounting periods and as such, are recorded as prepaid expenses. These prepaid items will be expensed as they are liquidated.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, art and historical treasures, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide Statements of Net Position, and in the fund financial statements for the proprietary and fiduciary funds. All purchased capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated assets are valued at estimated fair market value on the date donated to the State.

Capital assets, except as stated below, have an initial cost of at least $5,000, and that provide a future economic benefit for a minimum of 2 years. This includes buildings that are not considered to be part of an infrastructure asset. All land and land use rights, regardless of cost, are capitalized and are not depreciated. Infrastructure assets are defined as long-lived economic resources that are normally stationary in nature, utilized primarily by the general public as opposed to State employees, cost at least $50,000 and provide future economic benefit for a minimum of 3 years. Normally, infrastructure assets are much greater in value, have a longer economic life, and can be preserved for a greater number of years than most capital assets. Software with a cost of at least $50,000 and a useful life of more than two years, and internally generated intangible assets with a cost of at least $150,000 and a useful life of more than one year are capitalized.

Capital assets are depreciated over their useful lives using the straight-line mid-month depreciation method. Useful lives for buildings are 5 to 50 years, equipment is 3 to 20 years, software is 3 to 10 years, and infrastructure assets are 7 to 80 years. Additional disclosures related to capital assets and assets acquired through capital leases are found in Notes IV. E. - Capital Assets - and IV. G. 3.– Lease Commitments - respectively.

When a capital asset is disposed of, its cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. Repairs and maintenance are recorded as expenses. Significant renewals and improvements that increase the life expectancy are capitalized and deductions are made for retirements resulting from the renewals or improvements. Interest incurred on debt issued for construction of governmental activities capital assets is not capitalized.

The majority of the historic artifacts and collections that are maintained by the various State agencies and departments are not included in the capital asset reporting. The items not reported are protected and preserved, held for public exhibition and educational purposes and the proceeds from any sales of such items are used to acquire new items for the collection.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Primary Government only has one item that qualifies for reporting in this category, the unamortized balance of losses on bond refunding reported in the government-wide Statement of Net Position. A loss on a bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Primary Government has only one type of item, which only arises under the modified accrual basis of accounting, that qualifies for reporting in this category, and that is *unavailable revenue*. Governmental funds report unavailable revenue in the balance sheet for revenue that is not available under the modified accrual basis. The amount is deferred and recognized as revenue in the period that the it becomes available.

Tax Refunds Payable

Tax refunds payable primarily represent amounts owed by the State to taxpayers because of overpayment of their income tax liabilities. Tax refunds payable, which reduce respective tax revenues, are accrued to the extent they are measurable based on payments and estimates. The amount reported as tax refunds payable at June 30, 2013 in the governmental funds statements is comprised of tax refunds for filed tax returns due and payable at June 30, 2013, and will be paid within sixty days. The amount reported as tax refunds payable at June 30, 2013 in the government–wide financial statements is comprised of estimated tax liability

overpayments for the first and second calendar quarters of year 2013's tax liability that will be paid out in calendar year 2014.

Arbitrage Rebate Obligations

In accordance with Section 148(f) of the U.S. Internal Revenue Code, the State must rebate to the U.S. Government the excess of interest earned from the investment of certain debt proceeds over the yield rate of the applicable debt. Arbitrage rebate, if any, is due and payable on each five-year anniversary of the respective debt issue. As of June 30, 2013, the primary government had no outstanding arbitrage rebate obligation. The arbitrage rebate liabilities reported by the discretely-presented component units are included in "Other Long-term Liabilities" in the government-wide statement of net position.

Compensated Absences

Compensated absences' liabilities include amounts for accumulated unpaid vacation, compensatory time, and personal leave credits. Classified State employees accrue vacation leave based on the number of years employed up to a maximum rate of 24 days annually and may not accumulate more than a maximum of 45 days (360 hours) at any one time. This liability is expected to be liquidated in future periods as either salary payments or cash payments upon termination of employment. Compensatory time and personal leave time accumulates as earned by the employees but must be taken within the subsequent year or be forfeited.

Liabilities for compensated absences are recorded in the government-wide statement activity where the employees are assigned, and in the funds, where applicable. The amounts are calculated based on an employee's pay rate in effect as of year-end. Additional information including changes in balances may be found in Note IV. G. 5. – Changes in Long-term Liabilities.

Employees earn sick leave credits based on the number of years employed with a maximum accrual rate of 21 days per fiscal year. Sick leave may only be liquidated if and when sickness or injury is incurred. Additionally, if employment is terminated, any sick leave that the individual may have accrued is forfeited without any payout; therefore, it is not an accruable liability to the State. There is no limit on the amount of sick leave an employee may accumulate.

Encumbrances

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. When the terms of the purchase order or contract have been fulfilled and payment to the contracting party is due, the encumbrance is liquidated and the liability and expenditure are recorded. Encumbrances remaining at fiscal year-end are reported within the restricted, committed, or assigned fund balances of the governmental funds, as appropriate. The amount of the encumbrances remaining in the general fund, reported as assigned fund balances, is $5,274,128.

Fund Balances

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54—"Fund Balance Reporting and Government Fund Type Definitions." Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portions of loans or notes receivable, or property held for resale unless the use of the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

· Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

· Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the Vermont Legislature, the State's highest level of decision-making authority. This formal action is the passage of a law by the legislature specifying the purposes for which amounts can be used. The same type of formal action is necessary to remove or change the specified use.

· Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are neither restricted or committed. For governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed. In the General Fund, amounts are assigned by the Agency of Administration under authorization by the Legislature in the annual Budget Adjustment Act.

· Unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

When both restricted and unrestricted amounts are available for use, generally it is the State's policy to use restricted amounts first, with unrestricted resources utilized as needed. In the case of unrestricted resources, it is generally the State's policy to use committed amounts first, followed by assigned amounts, then unassigned amounts as needed. Additional information may be found in Note IV. H.—Fund Balance/Net Position

Bond Discounts, Premiums and Issuance Costs

In the government-wide financial statements, bond discounts or premiums are capitalized and amortized over the term of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs other than prepaid insurance are reported as expenses.

In the fund financial statements, governmental fund types recognize bond discounts, premiums and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issued are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

Interfund Transactions

Interfund Loans – Short-term loans between funds outstanding at year-end for such things as cash overdrafts are recorded as Interfund Receivables/Payables. Advances To/From Other Funds represent long-term interfund loans receivable and payable.

Reimbursements – Reimbursements result when one fund makes an expenditure for a second fund when that expenditure or expense is properly applicable to the second fund. Reimbursement transactions reduce expenditures in the reimbursed fund and increase expenditures/expenses in the reimbursing fund.

Quasi-External Transactions –These transactions occur between two government funds that would be accounted for as revenue and expenditures if they occurred between a government entity and a private sector entity.

Transfers – These transfers encompass all types of transfers, except for the residual equity transfers, and are primarily routine transfers of appropriation resources between funds. Transfers are not revenue, expenditures, or expenses, and are classified as "Other Financing Sources (Uses)" in the operating statements of the governmental funds and in a separate subsection before net income in the proprietary funds.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities that affect the disclosure of contingent assets and liabilities as of the date of the financial statements, and that affect the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates.

Note II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund financial statements each include a schedule that reconciles the fund balance and net changes in fund balance in the fund financial statements to the net position and changes in net position in the government-wide financial statements. Differences between the two occur because the current financial resources measurement focus and modified accrual basis of accounting that is used in governmental funds must be converted to the economic resources measurement focus and accrual basis of accounting that is used in government-wide reporting. In addition, differences will occur because balances and transactions associated with interfund activity must be eliminated in the process of preparing the government-wide financial statements, including consolidation of internal service fund data into the governmental activities in the government-wide financial statements.

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net position—governmental activities* as reported in the government-wide statement of net position.

One element of that reconciliation explains that "capital assets used in governmental activities (net of internal service funds' capital assets) are not considered financial resources for fund perspective reporting and, therefore, are not reported in the funds." The details of this $1,970,452,523 are as follows:

Land	$ 127,458,849
Construction in progress	522,897,782
Works of art	127,803
Depreciable capital assets and infrastructure	
Capital assets	2,414,891,028
Less accumulated depreciation	(1,094,922,939)
Net adjustment to increase *fund balances - total governmental funds* to arrive at *net position - governmental activities*	$ 1,970,452,523

Another element of that reconciliation explains that "amounts are presented in the Statement of Net Position but are not presented in fund balances due to a different basis of accounting." The details of this $189,292,082 are as follows:

Long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds	181,866,174
Deferred outflow for unamortized loss on sale of refunding bonds	7,425,908
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ 189,292,082

The final element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not considered financial liabilities for fund perspective reporting, and therefore, are not reported in the funds." The details of this $1,479,650,822 are as follows:

Bonded and capital lease debt (net of internal service funds' liability)	$ (603,122,513)
Accrued interest payable on bonds	(8,615,940)
Intergovernmental payable - federal government (accrued interest)	(1,136,687)
Compensated absences (net of internal service funds' liability)	(29,925,369)
Tax refunds payable	(51,168,956)
Other long-term liabilities	(785,681,357)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (1,479,650,822)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period, net of internal service funds." The details of this $56,760,826 difference are as follows:

Capital outlay/functional expenditures	$ 323,473,538
Expensed net book value of disposed assets	(166,722,189)
Depreciation expense	(99,990,523)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 56,760,826

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The details of this $114,558,904 difference are as follows:

Bonds issued increases long-term debt in the statement of activities	$ (104,005,000)
Refunding bonds issued increases long-term debt in the statement of activities	-
Bond premium is amortized over the life of the bonds in the statement of activities	(7,766,777)
Refunding bonds deferred outflow amortized to interest expense over life of refunded bonds	(2,787,127)
Net adjustment to decrease *changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (114,558,904)

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this $81,286,089 difference are as follows:

Increase in accrued interest payable	$ (1,450,950)
Accreted interest on capital appreciation bonds	(153,488)
Decrease in compensated absences	1,566,675
Increase in employer pension and other postemployment benefit related costs	(77,514,510)
Increase in pollution remediation related costs	(4,616,811)
Decrease in intergovernmental payable - federal government (accrued interest)	801,620
Decrease in early retirement incentives	81,375
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (81,286,089)

Note III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Vermont statutes require the head of every State department, board and commission, and any officer or individual responsible for any activity for which funds are appropriated by the Vermont Legislature to provide, on or before September 1 preceding any biennium, statements to the Commissioner of Finance and Management showing in detail the amounts appropriated and expended for both the current and preceding fiscal years and the amount estimated to be necessary for similar activity for the ensuing two fiscal years. The Commissioner of Finance and Management and the Secretary of Administration are then required to submit to the Governor by November 15 preceding each biennium, the estimates as received along with any other estimates for the ensuing two fiscal years. The Governor then submits to the Vermont Legislature, no later than the third Tuesday of every annual session, a budget that embodies estimates, requests, and recommendations for appropriations or other authorizations for expenditures from the State treasury for at least the succeeding fiscal year. The Vermont Legislature then enacts into law an appropriations act that must be approved by the Governor before expenditures can be made. In recent years, in accordance with Act 250 of 1979 Section 125, it has been the practice of the Governor to submit an annual budget and the Vermont Legislature to enact appropriations on an annual basis.

Budgets are prepared and appropriated on a cash basis and usually at the program level. The Agency of Administration maintains budgetary control by fund at the appropriation level. Governmental funds' unspent appropriation balances revert to the fund balance at the end of each fiscal year for re-appropriation unless authorized to be carried forward to the following year(s) by legislative act. Unexpended balances of capital projects funds are available for expenditure in the following fiscal year(s).

The original budgets for expenditures and transfers are determined by the Legislature through the passage of the annual Appropriation Act. The Commissioner of Finance and Management (with approval from the Governor) may transfer balances of appropriations not to exceed $50,000 made under any appropriation act for the support of the government from one component of an agency, department, or other unit of State government, to any component of the same agency, department, or unit; and may transfer balances of appropriations made under any appropriation act from one department or unit of the agency of transportation to another department or unit of the agency of transportation for the specific purpose of funding authorized transportation projects which have been approved by the federal government for advance construction in which the expenditure of State funds will be reimbursed by federal funds when the federal funds become available, and the transfer is limited to funds which have been approved for reimbursement. If any receipts, including federal receipts, exceed the appropriated amounts, the receipts may be allocated and expended, subject to the approval of the Secretary of Administration. If, however, the expenditure of those receipts will establish or increase the scope of the program, which establishment or increase will at any time commit the State to the expenditure of State funds, they may be expended only upon the approval of the Legislature.

B. Deficit Fund Balances/Net Position

Business-type Proprietary Funds

Federal Surplus Property Fund ended fiscal year 2013 with both a deficit unrestricted net position and a total net position of $259,588. The program continues to suffer from a lack of inventory for sale from the federal government that could in turn be retrieved for sale by the State. In 2013, the fund received additional capital from the General Fund in the amount of $250,000. The plan going forward is to reduce the deficit by actively retrieving goods for sale to increase program sales in 2014. Given the program is popular with local governments further recapitalization from the General Fund would be required if sales continue to keep the program in a deficit position.

Vermont Life Magazine Fund ended fiscal year 2013 with a deficit unrestricted net position of $1,659,239 and a deficit total net position of $1,658,836. The Vermont Agency of Commerce & Community Development hired a publisher with business turn-around experience. The publisher advised the Agency in February of his intent to work with staff and the Vermont Life Advisory Board to balance Vermont Life Enterprise's operating budget by the end of fiscal 2015. In May, the Legislature gave Vermont Life Enterprise authority to generate revenues from additional sources. The fiscal 2013 consolidated loss increased the deficit total net position to $1,658,836. On February 21, 2013, the publisher submitted a document to the Secretary of Commerce & Community Development outlining Vermont Life's strategies to balance the budget by the end of fiscal 2015. Some strategies, such as the reengineering of the Vermont Life Catalog, increased circulation revenue due to a direct mail campaign and lower introductory rates, and cost cutting in editorial took place as planned, and the resulting improvements to the bottom line will hopefully be evident after the end of the fiscal year.

Internal Service Funds

Single Audit Revolving Fund ended fiscal year 2013 with both a deficit unrestricted net position and a total net position of $306,154. In part, the deficit can be attributed to fiscal year 2009 budget rescissions resulting in a transfer to the General Fund of $196,000. The remaining deficit is due to estimated billing costs that were understated in prior year billings, but should be recovered through normal billing for services in future years.

Financial & HR Information Fund ended fiscal year 2013 with a deficit unrestricted net position of $67,326 and a deficit total net position of $34,458. This fund has had a fund surplus up until this year. This small deficit will be recovered through increased efficiencies in the program in the coming years. If the deficit continues to grow a small rate increase will be needed.

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Communications & Information Technology Fund ended fiscal year 2013 with a deficit unrestricted net position of $2,889,346 and a deficit total net position of $334,449. The fund is made up of three different programs. The mainframe program has a large surplus that was reduced during fiscal year 2013 by $190,000. The allocation program had an increase in its deficit; while telecom program had a large decrease in its surplus. The programs in total resulted in a deficit balance. Fiscal year 2014 should continue to see a reduction in the surplus from the mainframe program due to rate holidays, while the allocation program should see a reduction of its deficit through increased efficiencies.

Fleet Fund ended fiscal year 2013 with a deficit unrestricted net position of $4,939,985. The unrestricted deficit is the result of the rolling annual replacement schedule for vehicles that are financed through the inter-fund payables. More importantly, the total net position is positive and is expected to remain in that position. A rate holiday or a possible payback of unused mileage charges is possible in 2014 to help reduce the overall program fund surplus.

Copy Center Fund ended fiscal year 2013 with a deficit unrestricted net position of $3,289,695 and a deficit total net position of $1,701,804. The print shop has increased its sales volume over the last few years which have helped to stabilize the fund. Sales volume is expected to continue to increase as a result of the administrative requirement that all state entities use the print shop when possible. The increased volume, however, may need to be supplemented with an increase in rates to keep up with the increasing cost of goods.

Postage Fund ended fiscal year 2013 with both a deficit unrestricted net position and a total net position of $1,976,049. It is the intention that the current fund deficit will be recovered through business operations. An increase in the General Fund subsidy to cover the increasing cost of internal mail delivery and bomb screening has been budgeted for 2014 and 2015.

Facilities Operations Fund ended fiscal year 2013 with a deficit unrestricted net position of $3,453,991 and a deficit total net position of $3,552,179. The fund deficit will need to be recovered through increased billings. To do this a deficit reduction amount would need to be added to the fee for space rates.

Property Management Fund ended fiscal year 2013 with a deficit unrestricted net position of $22,713,804 and a deficit total net position of $22,710,701. The fund deficit continues to expand due to the lack of a revenue source to cover the ongoing operating expense of the program. The administration is exploring adding a surcharge to the existing leases to aid in covering these costs. The 20-year bonding of the three buildings in the program and the 50-year recovery period of the bond principle resulted in the lion's share of the fund deficit. As of 2013, only one building remains with bond principal payments.

Workers' Compensation Fund ended fiscal year 2013 with both a deficit unrestricted net position and a total net position of $5,032,896. The rates for fiscal year 2014 include an additional $1 million to help alleviate part of this fund deficit. In 2015, the fund deficit will be addressed in the rate setting process for departments and agencies. The workers' compensation program has an aggressive medical case management team that is striving to return injured employees back to work at the earliest possible signs of recovery. This goal should result in an improvement in the claims expense going forward.

Human Resources Fund ended fiscal year 2013 with both a deficit unrestricted net position and total net position of $446,057. This program continues to grow beyond its initial plans and initial funding amounts. As the fund has now reached a more stable situation there should be no further increases to the deficit. Planned rate increases and program efficiencies will be used to offset the current deficit.

Governmental Fund Types

General Obligation Bond Projects Fund ended fiscal year 2013 with a negative unassigned fund balance of $1,120,411. Spending authority for this fund is done through appropriations, while the bonds to pay for these expenses are not issued until the next fiscal year.

Special Fund ended fiscal year 2013 with a negative unassigned fund balance of $5,337,970. This is due to payment of expenses for Tropical Storm Irene, while reimbursements are expected in later fiscal years.

NOTE IV. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and Cash Equivalents

Deposits for the primary government are governed by State statutes. When depositing public monies, the State Treasurer must act in accordance with 32 V.S.A. Chapter 431. Although the statute provides requirements for the collateralization of deposits, it does not establish limits. These limits are set by published formal guidelines issued by the State Treasurer.

The custodial credit risk for deposits is the risk that in the event of a depository financial institution failure, the government will not be able to recover funds deposited in the failed institution or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository (FDIC) insurance and are uncollateralized; or collateralized with securities held by the pledging financial institution's trust department or agent, that are not registered in the depositor – government's name. Although State statute does not require deposits to be collateralized, the Treasurer requires the State's cash deposits held in its primary bank to be collateralized with either United States Treasury securities or Vermont municipal securities or other approved money market instruments, or

other collateral acceptable to the Treasurer. Certificates of deposit are collateralized, in whole or in part, on the basis of agreements with the bank, a protocol requiring periodic due diligence and review of bank capitalization and assets. Bank deposits in excess of the FDIC amounts and collateral agreements are uninsured and uncollateralized. Bank balances of deposits for the primary government, excluding pension trust funds, as of June 30, 2013, (including certificates of deposits) were $377,193,075. Of these, $1,571,644 was exposed to custodial credit risk as uninsured and uncollateralized.

The pension trust funds' cash deposits, outside of the pension trust funds' custodian bank, totaled $11,576,772, none of which was exposed to custodial credit risk.

B. Investments

Primary Government—Excluding All Pension Trust Funds

Investments for the primary government are governed by State statutes. The State has an investment policy with an overriding goal of minimizing exposure to risk and maintaining liquidity necessary for future cash needs while maximizing the return on investments. Two sections of State statute govern the investment of the State's operating and restricted cash (i.e., non-pension funds).

When investing public monies, the State Treasurer must act in accordance with 32 V.S.A. 433. Types of investments allowed include obligations of the United States, its agencies and instrumentalities, and any repurchase agreements whose underlying collateral consists of such obligations or other approved money market instruments; certificates of deposit issued by banks and savings and loan associations approved by the State Treasurer; prime bankers' acceptances; prime commercial paper; tax exempt securities; and domestic money market funds. Also, the State Treasurer's Office issues additional formal guidance that is reviewed periodically, to assure that the three investment objectives -- safety, liquidity, and yield -- are met.

The statutory guidelines for certain trust funds are contained in 32 V.S.A. 434, referred collectively as the Trust Investment Account. These include the Tobacco Trust Fund, the Higher Education Trust Fund, the ANR Stewardship Fund, two Veterans' Home trusts, the Fish and Wildlife Trust, Vermont State Retirement OPEB Fund, and various small trusts.

The State Treasurer may invest funds in accordance with the standard of care established by the prudent investor rule and apply the same investment objectives and policies adopted by the Vermont State Employees' Retirement System, where appropriate, to the investment of funds in the Trust Investment Account.

Investments are stated at market value in the case of marketable securities and at estimated fair value for certain nonmarketable securities. Money market and other short-term investments are reported at market value when published market prices and quotations are available, or at amortized cost, which approximates fair value. Management at the State Treasurer's Office is responsible for the fair value measurements of investments reported in the financial statements. The State Treasurer's Office has implemented policies and procedures to assess the reasonableness of the fair values provided; the Office believes that reported fair values at the balance sheet date are reasonable.

(*a) Interest Rate Risk*
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The primary government's investments, other than pension and investment trust funds' investments, at June 30, 2013 are presented as follows:

Primary Government Investments - Excluding
Pension, Other Postemployment Benefits and Investment Trust Funds
(Expressed in Thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 to <6	6 to 10	More Than 10
Debt Investments					
US Agencies/Treasuries	$ 30,580	$ 211	$ 731	$ 437	$ 29,201
Money Market Mutual Fund	246,824	246,824	-	-	-
Other	181	24	75	50	32
Total Debt Investments	277,585	$ 247,059	$ 806	$ 487	$ 29,233
Other Investments					
Equity Securities	241				
Mutual Funds	15,863				
US Unemployment Trust Pool	75,114				
Total Investments	$ 368,803				

The above includes instruments that are classified as cash and short-term investments for balance sheet purposes. The following is a reconciliation of the investment types to the financial statement presentation (*in Thousands*).

Primary Government Investments - Excluding
Pension, Other Postemployment Benefits and Investment Trust Funds

Investments per maturity schedule	$ 368,803
Included in cash & cash equivalents:	
Money market mutual fund	(240,459)
Certificates of deposit	103
US Unemployment trust pool	(75,114)
Financial statement investments total	$ 53,333
Governmental activities total	$ 50,732
Business activities total	1,757
Fiduciary - private purpose trust fund	844
Total	$ 53,333

(b) Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributable to the monetary magnitude of the State's investment in a single issuer. While State statute does not establish ceilings, formal investment guidelines for operating funds limit the amount invested to 10% in any one issuer of commercial paper, corporate securities, or bankers' acceptances. There are no limitations for U.S. Government and Federal Agencies. Money market funds utilized by the State Treasurer's Office are highly rated and incorporate the requisite diversification. As of June 30, 2013, no single issuer exceeded 5% for the primary government portfolios.

(c) Custodial Credit Risk
For investments, custodial credit risk is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The State has no formal policy on custodial credit risk but maintains contractual relationships with custodian banks that provide coverage and define the procedures. As of June 30, 2013 all securities were registered in the name of the State at its custodian bank. Investments in open-end mutual funds are not exposed to custodial risk because their existence is not evidenced by specific securities.

(d) Credit Risk
Credit risk is the possibility that the issuer or other counterparty to an investment may default on their obligations. In non-pension funds this risk has been mitigated by implementing statutory guidelines on credit quality and further restricted by formal investment guidelines and the use of low-risk money market instruments. The credit risk associated with the State's debt securities, money market funds, bond mutual funds, and other pools of fixed income securities, exclusive of pension fund investments, as of June 30, 2013, is presented as follows using the Moody's rating scale.

Primary Government Rated Debt Instruments Excluding
Pension, Other Postemployment Benefits and Investment Trust Funds
(Expressed in Thousands)

		Quality Ratings	
Debt Investments	**Fair Value**	**Aaa**	**Unrated**
US Agencies/Treasuries	$ 30,580	$ 30,580	$ -
Money Market Mutual Fund	246,824	246,824	-
Other	181	-	181
Totals	$ 277,585	$ 277,404	$ 181

(e) Foreign Currency Risk
Foreign currency risk is the extent to which changes in exchange rates affect the value of an investment. Vermont's operating funds are restricted, through statute and formal guidelines, to specific money market instruments and money market funds who only invest in domestic instruments. In the Trust Investment Account portfolio, total exposure to foreign currency risk as of June 30, 2013, was $0.

Primary Government—Pension , Other Postemployment Benefits and Investment Trust Funds

The State has three defined benefit plans (Vermont State Retirement System (VSRS), State Teachers Retirement System (STRS), and Vermont Municipal Employees' Retirement System (MERS)); three defined contribution plans (VSRS, MERS, and Single Deposit Investment Account); and two other postemployment benefit funds. Additional information on these plan benefit and actuarial valuations may be found in Note IV.G.4.—Pension and Other Postemployment Benefits.

By statute, the assets of the three defined benefit plans are invested on behalf of each plan's Trustees through the Vermont Pension Investment Committee (VPIC), which was established by the Vermont Legislature (Title 3 V.S.A. Chapter 17), effective July 1, 2005, to combine the assets of the VSRS, STRS and MERS defined benefit plans for the purpose of (i) investment in a manner that is more cost- and resource-efficient; (ii) improving the effectiveness of the oversight and management of the assets of the Retirement Systems; and (iii) maintaining the actuarial, accounting, and asset allocation integrity of the Retirement Systems. The majority of these assets have been pooled for investment purposes. Effective May 31, 2006, legislation amended VPIC's authority allowing VPIC to enter into agreements with municipalities administering their own retirement systems to invest retirement funds for those municipal plans.

On November 1, 2007, the City of Burlington, Vermont pooled its investments with the majority of the assets of the State, Teachers and Municipal defined benefit plans pursuant to a change in State statute permitting Vermont municipalities to pool their funds with the VPIC thereby creating an "external investment pool." An "external investment pool" is defined by GASB 31 as the commingling and investing of the monies of more than one legally separate entity, on the participants' behalf, in an investment portfolio. In this case, one of the participants, the City of Burlington, is not part of the State's reporting entity. Each of the participating funds has an equity position in the external pool and individual investment securities are not specifically identified to any of the participating funds. As a result, the "pooled investment" is a net equity position, incorporating the results of the underlying securities, receivables and liabilities. Earnings in each pooled investment are allocated based on the month-end balances of each of the respective systems.

The three defined benefit plans and the City of Burlington's assets managed by VPIC are externally managed in the pool established July 1, 2005 with a startup share price of $1,000. Ownership in the pool is based on the number of shares held by each member. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction.

The pool's net position and statement of changes in net position are as follows.

VERMONT PENSION INVESTMENT COMMITTEE
INVESTMENT POOL
STATEMENT OF NET POSITION
June 30, 2013
(Expressed in Thousands)

Assets	
Cash and short term investments	$ 16,898
Receivables	
Interest and dividends	7,764
Investments sold	188,684
Total receivables	196,448
Investments at Fair Value	
Fixed income	764,918
Equities	750,576
Mutual funds	1,950,333
Real estate and venture capital	179,625
Total investments	3,645,452
Total assets	3,858,798
Liabilities	
Accounts payable	137
Other liabilities	159
Payable for investments purchased	264,841
Total liabilities	265,137
Net position held in trust for investment pool participants	$ 3,593,661

VERMONT PENSION INVESTMENT COMMITTEE
INVESTMENT POOL
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

Additions	
Investment income	
Net appreciation (depreciation) in fair value of investments	$ 201,642
Dividends	59,374
Interest income	29,285
Other income	16
Total investment gain	290,317
Total additions	290,317
Deductions	
Net pool participant withdrawals	84,261
Operating expenses	1,394
Total deductions	85,655
Change in net position	204,662
Net position held in trust for pool participants	
July 1, 2012	3,388,999
June 30, 2013	$ 3,593,661
Pool participants	
Vermont State Retirement System	$ 1,463,484
State Teacher's Retirement System	1,545,109
Vermont Municipal Employees' Retirement System	450,277
City of Burlington	134,791
Totals - June 30, 2013	$ 3,593,661

All three defined benefit plans managed by the State have adopted a common asset allocation as determined by the Vermont Pension Investment Committee. As of October 29, 2009, the VPIC adopted a set of investment policies and guidelines common to all three defined benefit plans. These are used by VPIC with the objective of maximizing returns within acceptable risk parameters.

The State's Single Deposit Investment Account (SDIA), a non-contributory defined contribution plan, is invested in a commingled stable bond fund. The investment policy governing the SDIA portfolios includes a minimum average credit quality of double-A, no bonds rated below investment grade, and limitations on asset-

backed, mortgage-backed, collateralized Mortgage Obligations, corporate bonds, and single issuers of non-treasury/government agency backed bonds.

The Vermont State Retirement's defined contribution plan's trustee is the State Treasurer. The Vermont Municipal Employees' Retirement System Board of Trustees is the trustee for the Vermont Municipal Employees' defined contribution plan. Both plans are administered by Fidelity Investments Institutional Operations Company. Investment choices are made by participants from a range of funds approved by the trustees' for the plans. Investment options are Fidelity and non-Fidelity mutual funds including large and small market capitalization equities (actively managed and indexed), international equities, fixed income securities, balanced funds, target retirement date age based funds, and a stable value fund. Funds included in the plans were selected based on consideration of fund performance for one and multi-year periods, performance ranked against peer group funds in asset class, management fee expense ratios, fund asset class and investment objectives, historical annual returns, Morningstar ratings, performance in various stages of the capital market cycle, and consultant recommendations as to the optimal number of funds and appropriate asset classes. Fidelity provides quarterly investment reports and analysis that are reviewed by Treasury staff, the State Treasurer and Vermont Municipal Employees' Retirement's Board.

The State has two other postemployment benefit funds, the Vermont State Postemployment Benefits Trust Fund (State OPEB) and the Vermont Municipal Employees Health Benefit Fund (Muni OPEB). The "State OPEB" is invested in the Trust Investment Account utilized as an investment vehicle by many of the State's primary funds, exclusive of pension funds, and is included in the cash and investment disclosures for the primary government as is its cash deposits. The "Muni OPEB" in invested under the authority of the Municipal Retirement Board of Trustees and utilizes an outside administrator, ICMA-RC employing mutual funds.

Investments are stated at market value in the case of marketable securities and at estimated fair value for certain nonmarketable securities. Money market and other short-term investments are reported at market value when published market prices and quotations are available, or at amortized cost, which approximates fair value. Real estate is carried at the net asset value of each retirement system's real estate fund investments, which net asset value is further based on the fair market value of the real properties. Properties' fair market values in each of the retirement systems' fund investments are established quarterly by real estate fund manager appraisals and are validated at least yearly by third-party property appraisals. Nonmarketable securities include alternative investments such as private equity and venture capital, which are valued using current estimates of fair value obtained from the investment manager in the absence of readily determinable public market values. Such valuations generally consider variables such as the high, medium, and low values for portfolio investments; the investments' exit timetables, and the status of any proceedings leading to a liquidity event; the financial performance of investments, including comparison of comparable companies' earning multiples; cash flow analysis; and recent sales prices of investments. Management at the State Treasurer's Office is responsible for the fair value measurements of investments reported in the financial statements. The State Treasurer's Office has implemented policies and procedures to assess the reasonableness of the fair values provided; the Office believes that reported fair values at the balance sheet date are reasonable.

a) Interest Rate Risk

As pension trust funds have a different investment term horizon based on a long average liability term, the VPIC manages exposure to fair value loss arising from movements in interest rates by establishing duration guidelines with its debt securities with Core, Core Plus and Global Fixed Income investment managers, requiring that the duration be within a specified percentage of the duration band of the appropriate benchmark index. In the case of domestic Core Fixed Income managers the average duration (interest rate sensitivity) of an actively managed portfolio shall not differ from the appropriate passive benchmark's duration by more than +/- 25 percent. The Core Plus portfolio restriction is +/- two years around the passive benchmark duration. With respect to Global Fixed Income portfolios, current portfolio durations are restricted to a range of one to ten years. High yield fixed income portfolios prices and yields are not as directly correlated with the general level of interest rates and are duration monitored but not duration restricted. The calculation of the duration of mortgage backed securities involves assumptions as to the expected future prepayment rate for the security. The Managers are required to calculate duration at the time of initial purchase and on a routine basis to

maintain compliance with these guidelines. Fixed income managers are required to report portfolio characteristics quarterly inclusive of portfolio duration as a measure of portfolio interest rate sensitivity. Pension, Other Postemployment Benefits and Investment Trust Funds investments are as follows:

Pension, Other Postemployment Benefits, and Investment Trust Funds' Investments

(Expressed in Thousands)

Investment Type	Fair Value	Less Than 1	1 to <6	6 to 10	More Than 10
Debt Investments					
US Agencies/Treasuries	$ 383,259	$ 76,460	$ 35,551	$ 168,309	$ 102,939
Corporate Debt	189,417	23,145	68,023	89,435	8,814
Money Market Mutual Fund	17,467	17,467	-	-	-
Repurchase Agreements	2,100	2,100	-	-	-
Municipals	26,374	-	-	560	25,814
Asset Backed Securities	3,798	-	-	905	2,893
Mortgage Backed Securities	61,148	-	-	1,849	59,299
Sovereign Debt	86,534	5,743	36,085	35,855	8,851
Bank Loans	19,751	850	8,823	10,078	-
Total Debt Investments	789,848	$ 125,765	$ 148,482	$ 306,991	$ 208,610
Other Investments					
Mutual & Commingled Funds	2,096,648				
Equity Securities	755,549				
Real Estate - Venture Capital	179,625				
Fixed Income - Derivatives	2,588				
Total	$ 3,824,258				

(b) Concentration of Credit Risk

Formal guidelines for pension funds state that no more than 5% of the market value of a portfolio's domestic fixed income assets may be invested in the debt securities of any one issuer. No limitations on issues and issuers shall apply to obligations of U.S. Government and Federal Agencies. As of June 30, 2013, no issuer exceeded 5%.

(c) Custodial Credit Risk

Custodial credit risk for investments is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The VPIC manages exposure to custodial credit risk by requiring all relevant investment managers to hold investments in separate accounts with VPIC's custodian. VPIC guidelines specify the custodial requirements for these accounts and the duties of the Managers and the custodian. As of June 30, 2013, all securities were registered in the name of the State at its custodian bank. Investments in pools, open-end mutual funds, and other investments not evidenced by specific securities are not categorized.

(d) Credit Risk

Detailed pension guidelines by asset class and supplemental requirements by investment manager are used to set risk parameters and are stated in written contracts. These guidelines are reviewed and adopted by

VPIC. Treasury staff and independent investment consultants are utilized to assure compliance. The credit risks associated with these securities are as follows:

Pension, Other Postemployment Benefits, and Investment Trust Funds' Investments

(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings Aaa	Aa	A
US Agencies/Treasuries	$ 383,259	$ 383,259	$ -	$ -
Corporate Debt	189,417	-	3,657	10,243
Money Market Mutual Fund	17,467	1,744	-	-
Repurchase Agreements	2,100	-	-	-
Municipals	26,374	2,209	11,508	8,864
Asset Backed Securities	3,798	1,853	-	920
Mortgage Backed Securities	61,148	20,362	1,648	275
Sovereign Debt	86,534	29,298	31,707	9,253
Bank Loans	19,751	-	-	-

continued below

Debt Investments	Quality Ratings Baa	Ba	B and below	Unrated
US Agencies/Treasuries	$ -	$ -	$ -	$ -
Corporate Debt	28,295	52,284	76,457	18,481
Money Market Mutual Fund	-	-	-	15,723
Repurchase Agreements	-	-	-	2,100
Municipals	-	-	1,156	2,637
Asset Backed Securities	120	-	-	905
Mortgage Backed Securities	4,828	887	9,526	23,622
Sovereign Debt	10,852	-	-	5,424
Bank Loans	-	-	-	19,751

e) Foreign Currency Risk

Unless VPIC stipulates specific exceptions to the guidelines, the global bond portfolio may hold no more than 30% of its assets, at market value, or 120% of each country's benchmark weight (whichever is greater) in the debt securities of any single foreign government or non-U.S. government entity. For the purposes of this calculation, all countries within the European Single Currency shall count as one country. Single non-government debt security limitations are also set for the global bond portfolio. In the case of equities, the investment manager is afforded flexibility in the number of issues held and their geographic or industry distribution, provided that equity holdings are within the lesser of established percentage ranges in relative to single holding limitations and a stock's weighting in the style benchmark against which the manager is measured. Most foreign currency exposure is in the pension and investment trust funds' portfolios. The value in US dollars by foreign currency denomination and type of investment is as follows:

Pension, Other Postemployment Benefits, and
Investment Trust Funds' Investments
Foreign Currency Risk - International Securities at Fair Value
(Expressed in Thousands)

Currency	Total	Short Term	Debt	Equity	Derivatives
Australian Dollar	$ 21,318	$ 79	$ 8,601	$ 10,985	$ 1,653
Brazilian Real	(2,183)	-	-	-	(2,183)
Canadian Dollar	8,122	74	1,359	6,649	40
Chinese Yuan Renminbi	(55)	-	-	-	(55)
Danish Krone	1,899	-	-	1,899	-
Euro Currency	117,905	639	22,415	94,902	(51)
Hong Kong Dollar	3,560	61	-	3,499	-
Japanese Yen	93,670	645	26,269	66,727	29
Malaysian Ringgit	2,920	-	2,920	-	-
Mexican Peso	10,380	369	9,566	165	280
New Zealand Dollar	42	-	-	42	-
Norwegian Krone	3,817	-	-	3,817	-
Philippine Peso	1	1	-	-	-
Polish Zloty	7,446	106	7,230	110	-
Singapore Dollar	9,868	108	-	9,760	-
South African Rand	24	24	-	-	-
South Korean Won	3,143	28	-	3,115	-
Swedish Krona	17,912	-	9,191	8,721	-
Swiss Franc	18,554	-	-	18,554	-
Thailand Baht	1	-	-	1	-
United Kingdom Pound	52,506	68	2,633	49,818	(13)
Total	$ 370,850	$ 2,202	$ 90,184	$ 278,764	$ (300)

Formal investment policy guidelines adopted by the VPIC state that international equity managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility and facilitate securities transaction settlements rather than leverage portfolio risk exposure. In global fixed income accounts, opportunistic currency positioning may be utilized to hedge and cross-hedge the portfolio's currency risk exposure or in the settlement of securities transactions. The managers may vary the total portfolio exposure to currency from fully unhedged to fully hedged. The global fixed income managers are permitted to hedge all, some, or none of the portfolio's currency exposure. They are permitted to cross-hedge currency positions, but may not net short any currency, or net long more than 100% of the portfolio. VPIC has funds allocated to a global allocation asset manager in the form of shares of a commingled trust. The manager for this trust may enter into long and/or short positions in currencies of the countries represented in established indices. The strategy is permitted to cross-hedge currency exposure and will actively manage its currency exposure. This active management may go beyond fully-hedged or unhedged currency exposure, and is provided for by a specific exemption to the VPIC general guidelines.

Derivative Financial Instruments

Vermont Pension Investment Committee (VPIC) policy authorizes certain investment managers (Managers) to invest in derivative financial investments. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed upon benchmark. Disclosures related to derivatives positions required under Governmental Accounting Standards Board Statement No. 53 – "Accounting and Financial Reporting for Derivative Instruments" (GASB No. 53) apply only to those derivative instruments held directly by the VPIC on behalf of the defined benefit plans and the external investment trust

and not those held within commingled fund investment vehicles. The Pension and Other Postemployment Benefit Trust Funds do not have hedgeable assets or liabilities, and all derivative instruments are considered investment derivatives, with corresponding changes in fair value reported in investment income. The fair value of all derivative financial instruments are reported in the Statement of Fiduciary Net Position. All of the derivatives reported at June 30, 2013, are at fair value.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2013, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

	Changes in Fair Value		Fair Value at June 30, 2013		
	Classification	Amount	Classication	Amount	Notional
Fiduciary Funds					
Investment derivatives					
Currency forwards					
FX forwards	Investment revenue	$ 1,970,810	Investment	$ -	$ (293,469,615)
Options					
Fixed income options	Investment revenue	(488,359)	Investment	(612,163)	(47,500,000)
Foreign currency options	Investment revenue	4,331	Investment	(2,169)	(1,200,000)
Swaps					
Credit default swaps	Investment revenue	(725,445)	Investment	366,145	24,136,813
Fixed interest rate swaps	Investment revenue	2,530,524	Investment	2,525,525	1,038,376,169

Derivative instruments may be used for any of the following purposes;

- To gain market exposure.
- To convert financial exposure in a given currency to that of another currency (e.g., to hedge Japanese Yen exposure back to the U.S. dollar). Any and all international Managers may enter into foreign exchange contracts on currency provided that: a) such contracts are one year or less, and b) use of such contracts is limited solely and exclusively to hedging currency exposure existing within the Manager's portfolio. There shall be no foreign currency speculation or any related investment activity, with the exception of currency hedging Managers who enter into currency hedging will be guided by specific risk parameters in their contracts.
- To adjust the duration of a bond portfolio in a manner that is consistent with the accepted approach of the Manager and other contract terms applicable to the Manager.
- To make portfolio adjustments that are consistent with other elements of the VPIC's investment policies and that do not systematically increase risk or expected volatility of the rate-of-return of the total portfolio.
- For trading purposes which are intended to enhance investment returns. This purpose is subject to the requirement that it be consistent with other elements of the VPIC's investment policies and that it does not systematically increase the risk or expected volatility of the rate of return of the total portfolio.

All other uses of derivatives are prohibited unless specifically approved by the VPIC. Managers are expected to have internal risk management programs in place to ensure that derivatives-based strategies do not result in inappropriate risks to the VPIC Portfolio. Separately managed funds include the following reporting requirements: a list of all derivative positions as of quarter-end; an assessment of how the derivative positions affect the risk exposures of the total portfolio; an explanation of any significant pricing discrepancies between the Manager and custodian bank; an explanation of any non-compliance. Commingled funds provide the VPIC

with a quarterly list of derivative positions and assessment of the effect on the risk exposure of the portfolio.

For derivative securities, the Custodian Bank is required to obtain two independent prices, or to notify the VPIC that two independent prices are not available. Managers are required to reconcile the valuations of all derivatives positions on a monthly basis with the Custodian Bank. Derivatives, which are futures contracts, are Commodity Futures Trading Commission approved and exchange-traded. Options may either be exchange-traded or traded over-the-counter (OTC).

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing the VPIC's credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains (losses) in the Statement of Changes in Fiduciary Net Position.

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rate on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency related transactions in the Statement of Changes in Fiduciary Net Position.

Only forward currency contracts are defined as derivatives per GASB No. 53 are reported above; currency spot contracts are not included.

Risk of loss arises from changes in currency exchange rates. At June 30, 2013, currency forward positions consisted of pending foreign exchange sales of $1,970,810.

Options represent or give buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, the VPIC receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, the VPIC pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. At June 30, 2013, the VPIC had two different types of swap arrangements; interest rate swaps and credit default swaps. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty who, in turn, agrees to make return interest payments that float with some reference rate. The interest rate swaps allowed the VPIC to effectively convert long term variable interest investments into fixed interest rate investments. Credit default swaps are used to manage credit exposure without buying securities outright. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Fiduciary Net Position.

Counter-party creditworthiness, for non-exchange traded derivatives, shall be at a minimum of "A3" as defined by Moody's Investor Service, "A-" by Standard & Poor's, and "A-" by Fitch. The use of counter-parties holding a split rating with one of the ratings below A3/A– is prohibited. The use of unrated counter-parties is prohibited. Individual counter-party exposure, for non-exchange traded commodity derivatives, is limited to 50% of the notional amount of the VPIC Portfolio commodity derived exposure. An exception is allowed if the total commodity derivative exposure is less than $3 million. Any entity acting as counter-party must be regulated in either the United States or the United Kingdom. All other uses of derivatives are prohibited unless specifically approved by the VPIC. Managers are expected to have internal risk management programs in place to ensure that derivatives-based strategies do not result in inappropriate risks to the VPIC portfolio. For fiscal year 2013 all counterparties for derivatives met the VPIC counterparty risk rating requirements.

The following shows the market value of credit exposure per Moody's ratings at June 30, 2013.

Moody's Rating	Market Value
Aa3	$ 1,574
A1	435,722
A2	413,740
A3	587,002
Baa1	753,602
Total	$ 2,191,640

In addition, Manager credit research teams are tasked with evaluating potential counterparties for their creditworthiness as counterparties, not relying on ratings agencies alone. Managers evaluate individual counterparties using various methods of credit analysis: company visits, reports, earnings updates and take into account other factors, including the broker's/dealer's reputation for sound management, the past experience of the manager with the broker/dealer, market levels for its debt and equity, its quality of liquidity provided and its share of market participation. At June 30, 2013, risk concentrations are as follows:

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
Morgan Stanley Capital Services LLC	34%	A-	A	Baa1
Citibank NA	20%	A	A	A3
Deutsche Bank AG	19%	A	A+	A2
HSBC BANK USA, N.A.	18%	AA-	AA-	A1
Royal Bank of Scotland PLC	6%	A-	A	A3
Credit Suisse International	2%	A	A	A1
Bank of America NA	1%	A	A	A3
Goldman Sachs Bank USA	0%	A	A	Aa3
Barclays Bank PLC	0%	A	A	A2
BNP PARIBAS S.A.	0%	A+	A+	A2

VPIC's Managers use master agreements and may receive additional protection through the collateralization requirements, which helps to mitigate a party's exposure to another party in the event of a default or termination event by requiring the pledging/posting of assets to the other party to secure any outstanding obligations under certain transactions. By regular, generally daily, movement of collateral on forward settling trades, VPIC's exposure to any particular counterparty can be reduced. Collateral movement threshold for securities under the master forward agreements typically ranges from $0 to $250 thousand per account, depending on the particular counterparty. Managers require daily posting of collateral with many of our counterparties.

VPIC does not have a formal policy regarding master netting arrangements. As a general practice, Managers use industry standardized contracts, generally known as "master agreements" or "netting agreements," counterparty risk is reduced by providing parties to a transaction the ability to close out and net its total exposure to a counterparty in event of a default with respect to all transactions governed under that particular agreement. These agreements (ISDA Master Agreement and Credit Support Annex, Master OTC Options Agreement, Master Securities Forward Transaction Agreement, Global/Master Repurchase Agreement) allow parties to a transaction to know their legal rights and obligations, in addition to an ability to net. Managers generally put master agreements in place on behalf of each account it manages and each separate counterparty legal entity with which it transacts. The maximum amount of loss VPIC would face in case of default of all counterparties as of June 30, 2013 consists of the aggregated fair value of OTC positions in the amount of $2,191,640.

Derivative instruments often contain credit-risk-related contingent features that could result in an immediate payment to the counterparty. For example, a material adverse change clause could provide the counterparty with the right to early terminate the derivative agreement. Alternatively, it could provide a basis for renegotiating the agreement if specific events occur, such as a downgrade of the entity's credit rating below investment grade. These provisions may include an obligation to post additional collateral in instances where the credit-risk contingent feature is triggered or the counterparty is provided the right to terminate the agreement early.

The VPIC funds hold mortgage-backed securities including collateralized mortgage obligations (CMOs) at fair value. Mortgage-backed securities represent a direct interest in a pool of mortgage loans. CMOs are bonds that are collateralized by whole loan mortgages, mortgages pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and pre-payments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment tranches in accordance with the payment order established for the CMO instrument. Cash flows associated with these tranches may demonstrate varying degrees of sensitivity to interest rate fluctuations. A reduction in interest rates may cause some of the tranches to experience a reduction in fair value as prepayments reduce the interest payments, causing a decline in total cash flows. In a rising interest rate environment, an increase in interest payment and cash flows may cause an increase in fair value.

Risk is minimized through the purchase of high quality instruments with limited default or prepayment risk. Agency fixed and floating rate pass-through, U.S. Treasury securities and cash equivalents can be held without limitation. Securities designed to provide more precisely targeted maturities (Sequential Collateralized Mortgage Obligations) and those that create tranches, or Planned Amortization Classes (PAC I and PAC II), with cash flows that are protected from prepayment changes within certain limits, may also be purchased without limitation. Policy restrictions and portfolio percentage limitations are established for the purchase of more interest rate sensitive instruments and certain interest rate and price stress tests are required.

Asset-backed securities are collateralized by a loan, lease, or receivable other than real estate. Payments are collected by a servicer though a "pass-through" arrangement. As monthly payments of principal and interest are made, the pass-through security holder is entitled to a pro rata portion of the payments received. Risk of pre-payment varies with the underlying assets. Risk is minimized through the purchase of high quality instruments with limited default or prepayment risk.

C. Receivables

Accounts receivable at June 30, 2013 are summarized as follows:

	Governmental Funds		Internal	Total Governmental
	Major	Non-major	Service Funds	Activities
Governmental activities				
Taxes				
Personal and corporate income	$ 219,124,270	$ -	$ -	$ 219,124,270
Sales and use	69,596,388	-	-	69,596,388
Meals and rooms	34,993,756	-	-	34,993,756
Purchase and use	441,519	-	-	441,519
Motor Fuel	7,996,120	121,768	-	8,117,888
Other taxes	23,321,359	-	-	23,321,359
Subtotal	355,473,412	121,768	-	355,595,180
Allowance for uncollectibles	(118,626,150)	-	-	(118,626,150)
Taxes receivable, net	$ 236,847,262	$ 121,768	$ -	$ 236,969,030
Current receivable				$ 106,665,879
Non-current receivable				130,303,151
Total taxes receivable, net				$ 236,969,030
Loans and notes				
Loans and notes receivable	$ 266,603,887	$ -	$ -	$ 266,603,887
Allowance for uncollectibles	(1,166,700)	-	-	(1,166,700)
Loans and notes receivable, net	$ 265,437,187	$ -	$ -	$ 265,437,187
Current receivable				$ 25,547,684
Non-current receivable				239,889,503
Total loans and notes receivable, net				$ 265,437,187
Federal grants				
Human services programs	$ 157,192,177	$ -	$ -	$ 157,192,177
Transportation projects	44,580,290	-	-	44,580,290
Other	33,207,829	462,204	-	33,670,033
Federal grants	$ 234,980,296	$ 462,204	$ -	$ 235,442,500
Other				
Accrued interest and other receivables	$ 104,595,362	$ 596,041	$ 23,098,148	$ 128,289,551
Allowance for uncollectibles	(25,371,136)	(2,174)	(57,217)	(25,430,527)
Other receivables, net	$ 79,224,226	$ 593,867	$ 23,040,931	102,859,024
Interfund loans receivable from Fiduciary Funds				460,973
Less Internal Service Funds' receivables from Governmental Funds				(9,318,657)
Other receivables, net				$ 94,001,340
Current receivable				$ 42,806,117
Non-current receivable				51,195,223
Total other receivable, net				$ 94,001,340

	Enterprise Funds		Total Business-type
	Major	Non-major	Activities
Business-type activities			
Taxes			
Unemployment	$ 43,026,940	$ -	$ 43,026,940
Allowance for uncollectibles	(5,294,484)	-	(5,294,484)
Taxes receivable, net	$ 37,732,456	$ -	$ 37,732,456
Loans and notes receivable	$ -	$ 2,199,359	$ 2,199,359
Current receivable			$ 899,600
Non-current receivable			1,299,759
Total loans and notes receivable, net			$ 2,199,359
Federal grants	$ 700,812	$ -	$ 700,812
Other			
Accrued interest and other receivables	$ 4,837,663	$ 495,157	$ 5,332,820
Allowance for uncollectibles	(62,577)	(32,504)	(95,081)
Other receivables, net	$ 4,775,086	$ 462,653	$ 5,237,739
Current receivable			$ 5,232,369
Non-current receivable			5,370
Total other receivable, net			$ 5,237,739

D. Interfund Balances

1. Due From/To Other Funds

Due from/to other funds represents amounts owed to one State fund by another, for goods sold, services received or reimbursement of costs. The balances of due from/to other funds at June 30, 2013, are as follows.

	Due to Other Funds			
	Governmental Funds			
Due From Other Funds	General Fund	Transportation Fund	Education Fund	Special Fund
General Fund	$ -	$ 11,141	$ -	$ 118,629
Transportation Fund	387	-	-	48,895
Education Fund	285,896	-	-	-
Special Fund	909,744	895,691	4,057	-
Federal Revenue Fund	61,033	50	-	374,874
Global Commitment Fund	15,029,658	-	-	29,228,290
Non-major Governmental Funds	-	-	-	-
Liquor Control Fund	-	-	-	11,054
Vermont Lottery Commission	-	-	8,680	-
Non-major Enterprise Funds	4,708	-	-	-
Internal Service Funds	151	-	-	61,371,663
Fiduciary Funds	814,744	-	-	-
Total	$ 17,106,321	$ 906,882	$ 12,737	$ 91,153,405

continued below

	Due to Other Funds			
	Governmental Funds			Proprietary Funds
Due From Other Funds	Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Internal Service Funds
General Fund	$ 187,749	$ 1,661,602	$ 2,851	$ 909
Transportation Fund	570,534	-	-	-
Education Fund	-	-	-	-
Special Fund	566,429	50	72,840	253,683
Federal Revenue Fund	-	979,355	-	-
Global Commitment Fund	59	-	-	-
Non-major Governmental Funds	-	97	-	-
Liquor Control Fund	-	-	-	-
Vermont Lottery Commission	-	-	-	-
Non-major Enterprise Funds	-	-	-	-
Internal Service Funds	-	-	-	-
Fiduciary Funds	-	-	-	-
Total	$ 1,324,771	$ 2,641,104	$ 75,691	$ 254,592

continued below

	Due to Other Funds				
	Proprietary Funds				
Due From Other Funds	Unemployment Compensation Trust Fund	Liquor Control Fund	Non-major Enterprise Funds	Fiduciary Funds	Total
General Fund	$ -	$ 260,181	$ 215	$ -	$ 2,243,277
Transportation Fund	-	-	-	-	619,816
Education Fund	-	-	-	-	285,896
Special Fund	-	36	-	1,547	2,704,077
Federal Revenue Fund	-	-	-	-	1,415,312
Global Commitment Fund	-	-	-	-	44,258,007
Non-major Governmental Funds	-	-	-	-	97
Liquor Control Fund	-	-	-	-	11,054
Vermont Lottery Commission	-	-	-	-	8,680
Non-major Enterprise Funds	73,594	-	-	-	78,302
Internal Service Funds	-	-	-	-	61,371,814
Fiduciary Funds	-	-	-	-	814,744
Total	$ 73,594	$ 260,217	$ 215	$ 1,547	$ 113,811,076

2. Advances To/From Other Funds

The General Fund has made cash advances to certain proprietary funds for imprest petty cash disbursements needs. The General Fund advances to other funds at June 30, 2013, are summarized below.

Proprietary Funds		
Vermont Lottery Fund	$	300,000
Liquor Control Fund		75
Non-major Proprietary Funds		1,200
Total	$	301,275

3. Interfund Receivables/Payables

The primary government cash in most funds is pooled in the State Treasurer's accounts. When a fund has a deficit cash balance, this amount is reclassified to a liability account - interfund payable. The General Fund reports the corresponding interfund receivable for the cash borrowed from the pool. The following funds at June 30, 2013, reported interfund payables. It is expected that certain amounts due the General Fund from the Internal Service Funds will not be repaid within one year. It is expected that these interfund payables will be reduced in future years through changes to billing rates and management of operations.

Proprietary Funds		
Non-major Enterprise Funds	$	1,989,818
Internal Service Funds		108,133,972
Fiduciary Funds		
Investment Trust Fund		159,280
Agency Funds		300,146
Total	$	110,583,216

4. Inter - Primary Government/Component Unit Balances

Advances to component units consist of the amounts advanced under various agreements with component units to use the funds for specific programs. As the component unit uses the funds, the advance is reduced and expenditures are recognized by the State. At June 30, 2013, the General Fund advances to component units was $737,472 advanced to the Vermont Development Authority for interest rate subsidies and grants to be issued at the direction of State agencies. The Special Fund advance was $572,826 to VEDA for emergency flood relief loans.

Due from component units/Due to primary government consist of the amounts owed to the primary government for programs administered by component units, in accordance with memoranda of understanding with State departments, and for the elimination of negative balances in the State Treasurer's pooled cash. Due from primary government/Due to component units consist of amounts appropriated from the primary government's funds to the component units that had not been disbursed by fiscal year end.

At June 30, 2013, these account balances are as follows.

	Vermont Housing & Conservation Board	Vermont Economic Development Authority	Total
Due from Component Units			
General Fund	$ 2,759,649	$ -	$ 2,759,649
Special Fund	-	50,799	50,799
Federal Fund	-	5,667	5,667
Due to Component Units			
Non-major Governmental Funds	(152,240)	-	(152,240)
Total	$ 2,607,409	$ 56,466	$ 2,663,875

5. Interfund Transfers

Transfers between funds occur when one fund collects revenues and transfers the assets to another for expenditure or when one fund provides working capital to another fund. All transfers are legally authorized by the Legislature through either statute or Appropriation Acts.

The Education Fund received transfers from the General Fund and the Vermont Lottery Commission to support the general State grant for local education. The Special Fund received transfers from the General Fund for Emergency Relief Assistance and Home Heating Fuel Assistance Funds, from the Federal Revenue Fund for the earned income tax credit for the year, and from the Global Commitment Fund for education Medicaid reimbursements. The Global Commitment Fund received transfers from the General and Special Funds for Medicaid related services provided under the Vermont Global Commitment to Health Medicaid waiver.

Interfund transfers for the fiscal year ending June 30, 2013, are on the following page.

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	Transfers Out				
	Governmental Funds				
Transfers in	General Fund	Transportation Fund	Education Fund	Special Fund	Federal Revenue Fund
General Fund	$ -	$ -	$ -	$ 29,083,332	$ 11,386,209
Transportation Fund	4,370,272	-	-	-	-
Education Fund	284,417,280	-	-	6,896,650	-
Special Fund	28,427,346	4,383,499	-	-	19,914,607
Federal Revenue Fund	-	-	-	84,469	-
Global Commitment Fund	176,739,787	-	-	293,003,654	-
Non-major Governmental Funds	63,667,340	4,556,554	-	3,748,899	1,253,280
Unemployment Compensation Trust Fund	-	-	-	-	-
Non-major Enterprise Funds	250,000	-	-	-	-
Internal Service Funds	4,994,162	1,120,000	-	182,064	-
Total	$ 562,866,187	$ 10,060,053	$ -	$ 332,999,068	$ 32,554,096

continued below

	Transfers Out				
	Governmental Funds		Proprietary Funds		
Transfers in	Global Commitment Funds	Non-major Governmental Funds	Unemployment Compensation Trust Funds	Liquor Control Fund	Vermont Lottery Commission
General Fund	$ -	$ -	$ -	$ 880,066	$ -
Transportation Fund	-	-	-	-	-
Education Fund	-	-	-	-	22,927,105
Special Fund	21,640,302	-	-	215,751	-
Federal Revenue Fund	-	3,555,257	-	-	-
Global Commitment Fund	-	-	-	-	-
Non-major Governmental Funds	-	-	-	-	-
Unemployment Compensation Trust Fund	-	-	-	-	-
Non-major Enterprise Funds	-	-	792,820	-	-
Internal Service Funds	-	-	-	-	-
Total	$ 21,640,302	$ 3,555,257	$ 792,820	$ 1,095,817	$ 22,927,105

continued below

	Transfers Out			
Transfers in	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	$ -	$ -	$ 3,947,321	$ 45,296,928
Transportation Fund	-	-	-	4,370,272
Education Fund	-	-	-	314,241,035
Special Fund	180,000	628,150	-	75,389,655
Federal Revenue Fund	-	-	-	3,639,726
Global Commitment Fund	-	-	-	469,743,441
Non-major Governmental Funds	-	-	55,966	73,282,039
Unemployment Compensation Trust Fund	621,042	-	-	621,042
Non-major Enterprise Funds	-	-	-	1,042,820
Internal Service Funds	-	-	-	6,296,226
Total	$ 801,042	$ 628,150	$ 4,003,287	$ 993,923,184

E. Capital Assets

1. Capital Asset Activity

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Capital assets, not being depreciated					
Land, land use rights, and land improvements	$ 117,465,089	$ 10,019,916	$ -	$ -	$ 127,485,005
Construction in process	490,629,998	207,410,429	(113,806,745)	(59,028,818)	525,204,864
Works of art	136,003	-	-	-	136,003
Total capital assets, not being depreciated	608,231,090	217,430,345	(113,806,745)	(59,028,818)	652,825,872
Capital assets, being depreciated					
Buildings and improvements	445,305,084	16,341,906	(1,237,453)	138,419	460,547,956
Machinery and equipment	173,267,716	22,851,671	(12,247,817)	793,149	184,664,719
Infrastructure	1,792,146,281	85,796,558	(18,149,271)	-	1,859,793,568
Total capital assets, being depreciated	2,410,719,081	124,990,135	(31,634,541)	931,568	2,505,006,243
Less accumulated depreciation for					
Buildings and improvements	(202,818,226)	(12,263,877)	615,980	254,396	(214,211,727)
Machinery and equipment	(114,605,105)	(17,069,545)	10,945,873	(126,354)	(120,855,131)
Infrastructure	(750,929,526)	(79,233,006)	18,149,271	-	(812,013,261)
Total accumulated depreciation	(1,068,352,857)	(108,566,428)	29,711,124	128,042	(1,147,080,119)
Capital assets, being depreciated, net	1,342,366,224	16,423,707	(1,923,417)	1,059,610	1,357,926,124
Governmental activities capital assets, net	$ 1,950,597,314	$ 233,854,052	$ (115,730,162)	$ (57,969,208)	$ 2,010,751,996

Business-type Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Capital assets, being depreciated					
Buildings and improvements	$ 59,935	$ -	$ -	$ -	$ 59,935
Machinery and equipment	2,143,126	246,159	(155,029)	-	2,234,256
Total capital assets, being depreciated	2,203,061	246,159	(155,029)	-	2,294,191
Less accumulated depreciation for					
Buildings and improvements	(43,505)	(6,085)	-	-	(49,590)
Machinery and equipment	(1,414,288)	(302,980)	155,029	-	(1,562,239)
Total accumulated depreciation	(1,457,793)	(309,065)	155,029	-	(1,611,829)
Capital assets, being depreciated, net	745,268	(62,906)	-	-	682,362
Business-type activities capital assets, net	$ 745,268	$ (62,906)	$ -	$ -	$ 682,362

Fiduciary Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Capital assets, not being depreciated					
Construction in process	$ 3,495,776	$ 27,936	$ -	$ -	$ 3,523,712
Total capital assets, not being depreciated	3,495,776	27,936	-	-	3,523,712
Capital assets, being depreciated					
Machinery and equipment	2,175,010	58,147	(29,769)	-	2,203,388
Total capital assets, being depreciated	2,175,010	58,147	(29,769)	-	2,203,388
Less accumulated depreciation for					
Machinery and equipment	(797,130)	(233,778)	29,769	-	(1,001,139)
Total accumulated depreciation	(797,130)	(233,778)	29,769	-	(1,001,139)
Capital assets, being depreciated, net	1,377,880	(175,631)	-	-	1,202,249
Fiduciary activities capital assets, net	$ 4,873,656	$ (147,695)	$ -	$ -	$ 4,725,961

Current period depreciation expense was charged to functions of the Primary Government as follows:

Governmental Activities		Business-type Activities	
General Government	$ 12,071,812	Liquor Control	$ 300,343
Protection to Persons and Property	5,097,723	Vermont Lottery Commission	6,785
Human Services	668,850	Vermont Life Magazine	1,937
Labor	47,985		
General Education	4,229	**Total**	$ 309,065
Natural Resources	1,512,971		
Commerce & Community Development	343,273	**Fiduciary Activities**	
Transportation	80,243,680		
Depreciation on capital assets held by Internal Service Funds	8,575,905	Pension Trust Funds	$ 233,778
Total	$ 108,566,428		

2. Impairment of Capital Assets

During the fiscal year ended June 30, 2012, the State recognized impairment losses for damage caused by Tropical Storm Irene. In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, insurance recoveries during the year were used to offset the amount of loss that was recognized. During the fiscal year ended June 30, 2013, additional insurance recoveries in the amount of $11,000,000 were received and recorded as revenues . This amount represents an initial settlement with the insurance company. Additional recoveries are expected; however the amounts are subject to negotiations with the company and cannot be reasonably estimated at this time.

F. Deferred Outflows and Deferred Inflows

Deferred outflows in the government-wide Statement of Net Position consist of the unamortized balance of losses related to refunding of debt. The difference between the reacquisition price (the amount placed in escrow to pay for advance refunding) and the net carrying amount of the old debt, is reported as a deferred outflow and recognized as a component of interest over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Balance, July 1, 2012	$ 10,213,035
Current year amortization	(2,787,127)
Balance, June 30, 2013	$ 7,425,908

Deferred inflows in the governmental funds Balance Sheet consist of unavailable amounts related to revenue recognition. Revenues and other governmental fund financial resources are recognized in the accounting period in which they become both available and measurable. When an asset is recorded in governmental fund financial statements but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

G. Long-term Liabilities

1. General Obligation Bonds Payable

General obligation bonds payable have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correctional facilities, environmental conservation purposes, maintenance and construction of highways, assistance to municipalities for construction of water and sewage systems, and local schools.

Once authorized by the Legislature, the State Treasurer, with the approval of the Governor, may issue general obligation bonds. Except for zero coupon capital appreciation bonds, the bonds are to be payable in substantially equal or diminishing amounts, the first such payment to be payable not later than five years after the date of the bonds, and the last such payment to be made no later than twenty years after the date of the bonds.

Special obligation transportation infrastructure bonds are limited obligations of the State of Vermont payable from and secured solely by a pledge of funds held in trust by the Peoples United Bank in accordance with the terms of a Trust Agreement. Funding sources for the pledged funds are funds to be received from the Motor Fuel Infrastructure Assessments as authorized by Act 50 of the 2009 legislative session. The proceeds from this issue are expected to be expended for transportation infrastructure purposes, namely the rehabilitation or replacement of five State bridges, construction of one roadway capacity project.

The changes in bonds principal payable for fiscal year 2013 are summarized in the following schedule.

	General Obligation Bonds	Special Obligation Bonds	Total Obligation Bonds
Balance, July 1, 2012	$ 506,256,565	$ 13,260,000	$ 519,516,565
Additions:			
Issuances	93,185,000	10,820,000	104,005,000
Accretions	153,488	-	153,488
Total	93,338,488	10,820,000	104,158,488
Deductions:			
Redemptions	(52,260,000)	(990,000)	(53,250,000)
Total	(52,260,000)	(990,000)	(53,250,000)
Balance, June 30, 2013	$ 547,335,053	$ 23,090,000	$ 570,425,053

On December 1, 1993, the State issued capital appreciation bonds with a maturity value of $32,625,000 maturing on August 1 in the years 1999 through 2013. The proceeds from these bonds totaled $17,987,640. These bonds have a remaining maturity value of $2,000,000 and an accreted value of $1,945,053 at June 30, 2013.

General obligation and special obligation transportation infrastructure bonds outstanding at June 20, 2013, are shown on the following page:

General Obligation and Special Obligation Transportation Infrastructure Bonds Outstanding at June 30, 2013

Date Issued	Date Series Matures	Interest Rates %	Amount of Original Issue	Maturity Value of Capital Appreciation Bonds	Maturity Value Sources of Payments: General Fund	Transportation Fund	Special Fund	Maturity Value of Bonds Outstanding Total
General Obligation Current Interest Bonds:								
12/17/2002	8/1/2013	2.0 to 5.0	31,555,000		$ 3,655,500	$ 199,500	$ -	$ 3,855,000
2/11/2004	2/1/2018	1.1 to 5.0	137,457,000		27,455,000	-	1,120,000	28,575,000
3/10/2004	3/1/2023	2.0 to 5.0	42,200,000		2,062,180	157,820	-	2,220,000
3/2/2005	3/1/2025	3.0 to 4.0	26,000,000		5,200,000	-	-	5,200,000
4/13/2005	3/1/2015	2.4 to 4.0	15,000,000		2,800,000	200,000	-	3,000,000
6/7/2005	3/1/2020	2.65 to 5.0	20,805,000		17,748,259	531,741	880,000	19,160,000
11/22/2005	7/15/2025	3.5 to 5.0	30,000,000		2,250,000	-	-	2,250,000
12/13/2005	7/15/2015	3.1 to 4.0	15,000,000		4,500,000	-	-	4,500,000
2/21/2007	7/15/2026	4.0 to 5.0	30,000,000		12,000,000	-	-	12,000,000
3/15/2007	7/15/2016	3.375 to 4.0	9,500,000		3,800,000	-	-	3,800,000
3/15/2007	7/15/2016	3.375 to 4.0	5,000,000		2,000,000	-	-	2,000,000
11/28/2007	7/15/2027	3.50 to 5.25	35,000,000		22,100,000	-	-	22,100,000
12/20/2007	7/15/2017	3.0 to 4.0	11,000,000		5,500,000	-	-	5,500,000
12/20/2007	7/15/2017	3.0 to 5.0	29,195,000		4,429,023	95,977	-	4,525,000
3/11/2009	3/1/2029	2.0 to 5.0	50,500,000		30,240,000	10,160,000	-	40,400,000
2/3/2010	8/15/2016	2.0 to 5.0	11,200,000		6,400,000	-	-	6,400,000
2/3/2010	8/15/2029	3.75 to 4.5	40,800,000		40,800,000	-	-	40,800,000
3/11/2010	8/15/2019	2.0 to 2.8	20,000,000		14,000,000	-	-	14,000,000
3/11/2010	8/15/2021	2.0 to 5.0	29,155,000		29,155,000	-	-	29,155,000
3/11/2010	8/15/2021	2.0 to 5.0	9,675,000		9,505,000	-	-	9,505,000
10/26/2010	8/15/2013	3	3,750,000		1,250,000	-	-	1,250,000
10/26/2010	8/15/2030	1.45 to 4.7	46,250,000		46,250,000	-	-	46,250,000
11/30/2010	8/15/2020	1.5 to 5.0	25,000,000		20,000,000	-	-	20,000,000
3/21/2012	8/15/2022	0.6 to 3.0	25,000,000		18,700,000	-	-	18,700,000
3/21/2012	8/15/2030	3.0 to 3.5	28,000,000		28,000,000	-	-	28,000,000
3/21/2012	8/15/2016	1.0 to 2.0	10,000,000		10,000,000	-	-	10,000,000
3/21/2012	8/15/2025	0.6 to 5.0	69,060,000		67,639,621	1,420,379	-	69,060,000
10/11/2012	8/15/2024	2.0 to 5.0	26,765,000		26,765,000	-	-	26,765,000
10/11/2012	8/15/2032	2.0 to 5.0	66,420,000		66,420,000	-	-	66,420,000
Total General Obligation Current Interest Bonds					**530,624,583**	**12,765,417**	**2,000,000**	**545,390,000**
General Obligation Capital Appreciation Bonds:								
12/01/1993	08/01/2013	N/A	17,987,640	32,625,000	2,000,000	-	-	2,000,000
Total Maturity Value					**2,000,000**	**-**	**-**	**2,000,000**
Less: Unaccreted Interest					54,947	-	-	54,947
Total General Obligation Capital Appreciation Bonds					**1,945,053**	**-**	**-**	**1,945,053**
Total General Obligation Bonds					**532,569,636**	**12,765,417**	**2,000,000**	**547,335,053**
Special Obligation Transportation Infrastructure Bonds:								
8/3/2010	6/15/2030	2.0 to 4.0	14,400,000		-	12,675,000	-	12,675,000
8/9/2012	6/15/2032	2.0 to 3.0	10,820,000		-	10,415,000	-	10,415,000
Total Special Obligation Transportation Bonds					**-**	**23,090,000**	**-**	**23,090,000**
Total General Obligation and Special Obligation Bonds					**$ 532,569,636**	**$ 35,855,417**	**$ 2,000,000**	**$ 570,425,053**

At June 30, 2013, there remains $84,624,556 of authorized but unissued general obligation bonds.

Future general and special obligation debt service requirements at June 30, 2013 are as follows:

Fiscal Year	General Obligation Current Interest Bonds Principal	General Obligation Current Interest Bonds Interest	Special Obligation Current Interest Bonds Principal	Special Obligation Current Interest Bonds Interest	Capital Appreciation Bonds	Total
2014	$ 51,805,000	$ 21,013,752	$ 1,050,000	$ 637,425	$ 2,000,000	$ 76,506,177
2015	44,980,000	18,031,524	1,070,000	616,425	-	64,697,949
2016	41,740,000	16,465,311	1,095,000	595,025	-	59,895,336
2017	38,515,000	15,057,324	1,115,000	573,125	-	55,260,449
2018	35,840,000	13,651,415	1,140,000	547,650	-	51,179,065
2019-2023	160,035,000	48,791,751	6,135,000	2,306,750	-	217,268,501
2024-2028	118,765,000	21,405,650	7,025,000	1,414,675	-	148,610,325
2029-2033	53,710,000	3,438,263	4,460,000	304,450	-	61,912,713
Totals	$ 545,390,000	$ 157,854,990	$ 23,090,000	$ 6,995,525	$ 2,000,000	$ 735,330,515

2. Bond Refundings

During fiscal years 2004, 2005, 2010, and 2012, the State defeased “in-substance” certain general obligation bonds by issuing new bonds and by placing the proceeds of these new bonds in an irrevocable trust. These trust assets are utilized to make all debt service payments on the defeased bonds. Accordingly, these trust assets and the liability for the defeased bonds are not included in the State’s financial statements.

The total amount of defeased bonds remaining outstanding at June 30, 2013, is $79,280,000.

3. Lease Commitments

A. Operating Leases

The State is committed under various operating leases covering real property (land and buildings) and equipment. Although lease terms vary, certain leases continue subject to appropriation by the General Assembly. If continuation is reasonably assured, leases requiring appropriation by the General Assembly are considered non-cancelable leases for financial reporting purposes. It should also be noted that the State is currently negotiating a small number of operating leases on which rent is being paid on a month-by-month basis and for which there is no signed agreement. These leases have not been included in the following table.

Total lease payments paid by the primary government in fiscal year 2013 was $15,072,511 for operating leases of which $14,989,425 was paid for property leases, $58,537 for equipment leases and $24,549 for cancellable land rentals.

The following is a summary of the estimated future minimum rental commitments under operating leases for real property and equipment at June 30, 2013:

Fiscal Year	Primary Government: Non-Cancelable Leases	Primary Government: Cancelable Leases	Primary Government: Total
2014	$ 13,097,386	$ 9,634	$ 13,107,020
2015	10,175,272	9,881	10,185,153
2016	7,528,380	1,394	7,529,774
2017	6,097,689	784	6,098,473
2018	5,633,940	453	5,634,393
2019 - 2023	21,947,088	2,265	21,949,353
2024 - 2026	226,137	1,359	227,496
Totals	$ 64,705,892	$ 25,770	$ 64,731,662

B. Capital Leases

The State has entered into capital lease arrangements to acquire various items of machinery and equipment and building improvements with a gross asset value totaling $3,935,989. The majority of the gross value total is from a lease with HLFB, Inc., for energy efficiency projects for State buildings located in Montpelier, Waterbury and Middlesex.

Capital lease payments for the primary government in 2013 totaled $491,950, with $30,815 for machinery and equipment, and $461,135 for building improvements.

The future minimum lease obligation and the net present value of the minimum lease payments at June 30, 2013 are as follows:

Fiscal Year	Primary Government
2014	$ 424,212
2015	432,366
2016	440,573
2017	447,614
2018	435,801
2019	105,337
Total minimum lease payments	2,285,903
Less interest	(231,929)
Present value of minimum lease payments	$ 2,053,974

4. Retirement Plans and Other Postemployment Benefits

In accordance with State statutes, the State Treasurer and the individual retirement systems' Board of Trustees administer the State's three defined benefit pension plans and two defined contribution plans. These systems are considered part of the State's reporting entity and are included in the accompanying financial statements as pension trust funds in the fiduciary fund type. There are no separate stand-alone financial statements issued for these plans.

Summary of significant accounting policies – basis of accounting and valuation of investments
The financial statements for the pension and other postemployment benefit trust funds are prepared using the accrual basis of accounting. Plan members' contributions are recognized in the period in which the contributions are due. The employers' contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. All investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on June 30, 2013. Securities without an establish market are reported at estimated fair value. Additional information on the plans' investments may be found in Note IV. B.—Investments.

A. Defined Benefit Retirement Plans

Retirement Plan Descriptions

The Vermont State Retirement System (VSRS) (3 V.S.A. Chapter 16) is a single-employer public employee defined benefit retirement system which covers substantially all general State employees and State Police, except employees hired in a temporary capacity. Membership in the system is a condition of employment. The membership consists of:

- general employees who did not join the non-contributory system on July 1, 1981 (Group A), with a contribution rate of 6.4% of payroll (contributions cease upon attainment of 25 years of creditable service);
- State police, law enforcement positions, and airport firefighters (Group C), with a contribution rate of 8.28% of payroll;
- judges (Group D), with a contribution rate of 6.4% of payroll;
- terminated vested members of the non-contributory system (Group E); and
- all other general employees (Group F), with a contribution rate of 6.4% of payroll.

Effective July 1, 2011, the contribution rate for all State employees was raised, through legislation enacted in fiscal year 2011. The rate for Group A and D employees was increased from 5.10% to 6.40% through June 30, 2016. The rate for Group C employees was increased from 6.98% to 8.28% through June 30, 2016. The rate for Group F employees was increased from 5.10% to 6.40% through June 30, 2016, and will then decrease to 5.10% through June 30, 2019, then 4.85% thereafter.

The State Teachers' Retirement System (STRS) (16 V.S.A. Chapter 55) is a cost-sharing public employee defined benefit retirement system with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State board of education. Membership in the system for those covered classes is a condition of employment. The membership is made up of:

- general teachers who did not join the non-contributory system on July 1, 1981 (Group A), with a contribution rate of 5.5% of payroll (contributions cease upon attainment of 25 years of creditable service);
- terminated vested members of the non-contributory system (Group B); and
- all other general teachers (Group C), with a contribution rate of 5.0% of covered payroll.

The State appropriates funding for pension costs associated with the above two plans. In fiscal years prior to 1982, both systems were solely contributory. Under legislation effective July 1, 1981, Vermont State employees and State teachers could have elected to transfer their memberships from a contributory to a non-contributory membership class. However, in 1990, the Legislature again made both systems contributory effective July 1, 1990, for the STRS and January 1, 1991, for the VSRS. The State's contribution to each system is based on percentage rates of each member's annual earnable compensation. These rates include a "normal contribution" rate and an "accrued liability contribution" rate and are calculated based upon the liabilities of each system as determined by actuarial valuations.

The Vermont Municipal Employees' Retirement System (MERS) (24 V.S.A., Chapter 125) is a cost-sharing, multiple-employer public employees' retirement system that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirement is required to join the system.

Prior to July 1, 1987, the State was statutorily responsible for contributions to the MERS' pension accumulation fund. Effective July 1, 1987, and thereafter, all payments to the system's pension accumulation fund are supported entirely by employer (municipal) and employee contributions. Employers make quarterly payments into the pension accumulation fund. These payments are percentages of annual earnable compensation for each membership group and consist of a "normal" and an "accrued liability" portion. The percentage rates of such contributions are fixed on the basis of the liabilities of the system pursuant to actuarial valuations.

Copies of each individual defined benefit retirement plan's annual actuarial valuation report, information describing each defined benefit plan's provisions including vesting requirements, benefits provided, post retirement adjustments, etc., and information relating to the two defined contribution plans are available for inspection at the Retirement Division, Office of the State Treasurer, 109 State Street, Montpelier, Vermont 05609-6901.

The defined benefit plans' financial statement are as follows:

Statement of Plan Net Position

Defined Benefit Plans

June 30, 2013

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
Assets			
Cash and short term investments	$ 2,999,756	$ 2,263,586	$ 2,319,068
Receivables			
Contributions - current	4,354,781	3,563,940	2,908,204
Contributions - non-current	-	-	6,907,977
Interest and dividends	4	27,675	331,898
Due from other funds	59,270	525	49,212
Other	3,246	322,941	35,729
Investments at Fair Value			
Pooled investments	1,463,483,913	1,545,109,222	450,276,937
Equities	917	641,401	240,789
Prepaid expenses	-	2,048,261	15,573
Capital assets, net of depreciation	1,850,238	2,173,903	697,676
Total assets	1,472,752,125	1,556,151,454	463,783,063
Liabilities			
Accounts payable	2,034,810	1,522,420	457,666
Retainage payable	224,143	273,261	111,329
Due to other funds	845	4,210	27,638
Total liabilities	2,259,798	1,799,891	596,633
Net position held in trust for employees' pension benefits	$ 1,470,492,327	$ 1,554,351,563	$ 463,186,430

Statement of Changes in Plan Net Position
Defined Benefit Plans
For the Fiscal Year Ended June 30, 2013

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
Additions			
Contributions			
Employer - pension benefit	$ 51,370,307	$ 42,646,240	$ 12,014,186
Employer - healthcare benefit	-	21,000,000	-
Plan member	29,847,352	32,343,368	15,060,665
Transfers from other pension trust funds	638,736	292,953	170,381
Medicare part D drug subsidy	-	1,440,080	-
Total contributions	81,856,395	97,722,641	27,245,232
Investment Income			
Net appreciation in fair value of investments	917	641,401	240,759
Income from pooled investments	116,648,144	126,091,715	35,917,836
Interest income	13,961	30,002	548,422
Other income	171,299	278,476	6,606
Total investment income	116,834,321	127,041,594	36,713,623
Less Investment Expenses			
Investment managers and consultants	6,118,624	6,638,563	1,875,116
Total investment expenses	6,118,624	6,638,563	1,875,116
Net investment income	110,715,697	120,403,031	34,838,507
Total additions	192,572,092	218,125,672	62,083,739
Deductions			
Retirement benefits	96,241,493	129,416,052	16,101,187
Other postemployment benefits	-	22,459,218	-
Refunds of contributions	2,515,758	1,604,284	1,587,311
Death claims	198,205	91,749	205,183
Transfers to other pension trust funds	239,162	141,986	794,251
Depreciation	86,292	105,064	41,924
Operating expenses	1,288,351	1,575,657	707,523
Total deductions	100,569,261	155,394,010	19,437,379
Change in net position	92,002,831	62,731,662	42,646,360
Net position held in trust for employees' pension benefits			
July 1, 2012	1,378,489,496	1,491,619,901	420,540,070
June 30, 2013	$ 1,470,492,327	$ 1,554,351,563	$ 463,186,430

Plan membership

At June 30, 2013, VSRS, STRS, and MERS membership consisted of:

	VSRS	STRS	MERS
Active employees			
Vested	5,763	7,822	4,102
Non-vested	2,395	2,279	2,475
Total active employees	8,158	10,101	6,577
Retirees and beneficiaries of deceased retirees currently receiving benefits	5,795	7,743	2,146
Terminated employees entitled to benefits but not yet receiving them (vested)	741	751	652
Inactive members	796	2,322	1,765
Total participants	15,490	20,917	11,140

Actuarial Valuation - Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial method for both the STRS and the VSRS plans is set by State statute. Through fiscal year 2005, the method used was entry age normal (EAN) with frozen initial liability (FIL). The Legislature enacted a statute change revising the method to entry age normal without FIL for the actuarial valuation for the year ending June 30, 2006, which effectively restated the starting balance.

Under the previous method, set by State statute, the unfunded liability was frozen at 1988 levels. Any impact of underfunding subsequent to the “freezing” of the liability in 1988 falls to normal cost instead of being added to the unfunded liability as in more conventional funding methods. If funding levels approximate the actuarially required contribution (ARC), as in the case of the funding of VSRS, the effect of changing from EAN-FIL to EAN is attributable to variances between the actuarial assumptions and experience.

Actuarial valuations attempt to estimate costs associated with the pension system based on a number of demographic, economic, and retirement experience assumptions. To the extent assumptions are at variance to experience, this can result in actuarial gains and losses ultimately impacting contribution rates and the development of the ARC. Experience studies are required by statute to be conducted every five years to review actual experience in comparison to these assumptions and to provide recommended changes to assumptions.

At the same time there has been significant discussion on the national level relative to the appropriate interest rate assumptions used by public pension plans. The Vermont retirement systems, in concert with its investment and actuarial consultants, determined that rather than dealing with the interest rate as an isolated calculation, it should be viewed as part of an interrelated set of actuarial assumptions through a formal experience study, and completed these studies in fiscal year 2011 for the four year period ending June 30, 2010.

In fiscal year 2011, all three systems adopted the new method of developing interest rate assumptions called “select-and-ultimate”. Under this method, differences between near-term and long-term expectations of rates of return on assets may be incorporated in the assumed rate of return by setting it on a select-and-ultimate basis. The most recent asset allocation established by the Vermont Pension Investment Committee (VPIC) was the basis of the data inputs into the model.

A select-and-ultimate rate structure can be used to reflect expectations of unusually strong or weak returns in near-term years followed by a trending to a long-term equilibrium. In this sense, it is a more elaborate and complete specification of future return assumptions than is a single rate used in all future years. This interest rate set is restarted every year. All three systems adopted a uniform interest rate assumption based on the application of this model:

· Year 1:	6.25%
· Year 2:	6.75%
· Year 3:	7.00%
· Year 4:	7.50%
· Year 5:	7.75%
· Year 6 through year 8:	8.25%
· Year 9 through year 15:	8.50%
· Year 16:	8.75%
· Year 17 and later:	9.00%

Per the experience study, the 50th percentile rate of return forecast for such a portfolio is approximately 7.9%. Since the cash flows associated with each system varies, however, for computational or administrative ease, it is preferable to set the assumed interest rate equal to the single rate that produces the same result as the select-and-ultimate rate set. The effective rate, based on assumed cash flows, for VSRS and MERS is 8.1% and 7.9% for STRS. Since the interest rate is restarted every year, this results in a more conservative return assumption for the amortization of the unfunded liability. For fiscal year 2013, the actuarial rate of return of the assets was 6.71% for VSRS and 6.72% for STRS compared to the select-and-ultimate year 1 expected rate of return of 6.25%.

The VSRS, STRS and MERS have had no changes in the assumptions since the June 30, 2012 valuation. The assumptions now in use are based on the 2011 experience studies. The STRS has had no changes in benefit provisions since the last valuation. The MERS has changes in benefit provision since the July 1, 2012 valuation. The MERS employee and employer contribution rates were increased.

The various actuarial methods and significant assumptions used to determine the annual required contributions at the State level for VSRS and STRS and at the municipal employer level for MERS, are shown on the following page.

	VSRS	STRS	MERS
Valuation date	06/30/13	06/30/13	07/01/13
Actuarial cost method [1]	Entry Age Normal	Entry Age Normal	Projected benefit cost method
Amortization method	Level percentage of payroll	Level percentage of payroll	Installments increasing 5% per year
Remaining amortization period [2] All closed basis	25 years	25 years	25 years
Asset valuation method [3]	Preliminary Asset Value plus 20% of difference between market and preliminary asset values	Preliminary Asset Value plus 20% of difference between market and preliminary asset values	Actuarial value of assets using a five year smoothing technique
Actuarial assumptions			
Investment rate of return [4]	6.25%-9.00%	6.25%-9.00%	6.25%-9.00%
Projected salary increases	3.00%-7.79%	4.25%-8.40%	5%
Cost of living adjustments	1.5%-3.0%	1.5%-3.0%	Group A - 1.5% Groups B, C & D - 1.8%
Post Retirement Adjustments			
Allowances in payment for at least one year adjusted for cost of living based on CPI but not in excess of percentage indicated	Groups A, C & D - 5%	Group A - 5%	N/A
Allowances in payment for at least one year increased on January 1 by one-half of the percentage increase in CPI but not in excess of percentage indicated	Group F - 5% [5]	Group C - 5%	Group A - 2% Groups B, C & D - 3%
Assumed annual rate of cost-of-living increases	For those eligible for increases of 100% of CPI change: 3.0%	For those eligible for increases of 100% of CPI change: 3.0%	
	For those eligible for increases of 50% of CPI change: 1.5%	For those eligible for increases of 50% of CPI change: 1.5%	

(1) Beginning with June 30, 2006, the actuarial cost method was changed to the Entry Age Normal method for VSRS and STRS.
(2) The 30-year period for amortization of the unfunded actuarial accrued liability was restarted effective 7/1/08 for STRS, and VSRS.
(3) The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected income.
(4) Effective 6/30/11, a select-and ultimate interest rate assumption was used, as described earlier in the note.
(5) Effective January 1, 2014, the Group F employees who were actively contributing into the system on June 30, 2008, and retire on or after July 1, 2008, will be eligible for the enhanced cost of living adjustment, which will increase to equal the full CPI change.

The actuary has estimated the change in the unfunded actuarial accrued liability between June 30, 2012 and June 30, 2013, as follows:

	VSRS	STRS
Unfunded actuarial accrued liability, June 30, 2012...	$ 401,824,745	$ 945,502,316
Normal cost.....	39,217,558	36,673,377
Contributions.....	(81,856,395)	(97,722,641)
Interest on unfunded liability, normal cost and contributions.....	25,045,898	58,378,429
Restart of select-and-ultimate interest structure.....	33,541,162	44,499,276
Actuarial (gains)/losses experience:		
Salary experience.....	23,416,670	(26,621,253)
COLA experience.....	(7,319,398)	(18,895,595)
Mortality experience.....	4,487,254	4,851,424
Retirement and disability experience.....	1,721,249	10,732,444
Termination experience.....	3,920,466	38,871,116
New members and rehires.....	2,552,115	2,106,997
Investment and other expenses.....	7,723,883	31,740,330
Investment experience.....	(6,437,863)	(6,995,361)
Other (data corrections, purchased services, etc.)...	(2,707,262)	(9,210,574)
Unfunded actuarial accrued liability, June 30, 2013.....	$ 445,130,082	$1,013,910,285

Annual Pension Cost and Net Pension Obligation

The State's annual pension cost and net pension obligation (NPO) to the Vermont State Retirement System and the State Teachers' Retirement System at June 30, 2013 were as shown on the following page.

	VSRS	STRS
Annual Required Contribution (ARC)	$ 39,389,870	$ 60,182,755
Interest on NPO	3,228,831	11,219,740
Adjustment to ARC	(2,970,974)	(10,323,707)
Annual Pension Cost (APC)	39,647,727	61,078,788
Employer Contribution Made	(51,370,307)	(65,086,320)
Increase (Decrease) in NPO	(11,722,580)	(4,007,532)
NPO - July 1, 2012	51,661,301	179,515,842
NPO - June 30, 2013	$ 39,938,721	$ 175,508,310
Percentage of APC contributed	129.57%	106.56%

Three-Year Trend Information

Year Ended 6/30	Annual Pension Cost	Percentage Contributed	NPO Balance
VSRS			
2011	$ 46,018,749	81.65%	$ 62,820,259
2012	29,143,475	138.29%	51,661,301
2013	39,647,727	129.57%	39,938,721
STRS			
2011	53,295,844	94.32%	183,273,322
2012	52,394,531	107.17%	179,515,842
2013	61,078,788	106.56%	175,508,310

Funded Status and Funding Progress

The following is funded status information for the three defined benefit plans as the most recent valuation date, with amounts in thousands:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
VSRS						
6/30/13	$ 1,469,170	$ 1,914,300	$ 445,130	76.7%	$ 416,766	106.8%
STRS						
6/30/13	1,552,924	2,566,834	1,013,910	60.5%	563,623	179.9%
MERS						
7/1/13	446,236	528,426	82,190	84.4%	220,372	37.3%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Defined Contribution Retirement Plans

Retirement Plan Descriptions

In accordance with Title 3 of the Vermont Statutes Annotated, Chapter 16A, the State established an optional defined contribution plan for exempt State employees effective January 1, 1999. The Vermont State Defined Contribution Plan is reported in the Pension Trust Funds.

Exempt employees hired after January 1, 1999, have a one-time opportunity to elect either the defined benefit or defined contribution plan. Employees are required to contribute at the rate of 2.85%. The State is required to contribute to each employee's account at the rate of 7% of the employee's compensation for each payroll period. An employee becomes vested in the plan after completion of 23 months of creditable service as a State employee. During the fiscal year ending June 30, 2013, member contributions totaled $723,894 with State employer contributions at $1,857,713. As of June 30, 2013, the Vermont State Defined Contribution Plan's net position totaled $49,089,174 and there were 419 participants.

The Vermont Municipal Employees' Defined Contribution Plan (24 V.S.A. 5070) was implemented by the Vermont Municipal Employees' Retirement System's Board of Trustees on July 1, 2000, and is reported as a pension trust fund. The defined contribution plan was offered by municipal employers to one or more groups of their eligible employees. Once offered by the employer, each eligible employee was required to make an election to participate. Employees participating in one of the municipal defined benefit plans who elected to participate in the defined contribution plan had the July 1, 2001, actuarial value of their accrued defined benefit plan transferred to the defined contribution plan. Employers that did not offer the defined contribution plan to their employees as of December 31, 1999, have an opportunity to do so no later than December 31 of any subsequent year with the transfer effective July 1 of the following year.

Participating municipal employees and their employers are required to contribute at the rate of 5% of earnable compensation. Effective July 1, 2008, employers began contributing 5.125% while employee contribution percentages remain unchanged. Employees become vested in the plan after 12 months of service. During the fiscal year ending June 30, 2013, member contributions totaled $627,840 and employer contributions at $678,918. As of June 30, 2013, the Municipal Employees' Defined Contribution Plan's net position totaled $18,527,140, and there were 289 participants.

The Single Deposit Investment Account (SDIA), a non-contributory defined contribution plan reported as a Pension Trust Fund, was established according to the provisions of Public Act 41 of the 1981 Session. The Act authorized a new Group B non-contributory plan within the State Teachers Retirement System (STRS) and a new Group E non-contributory plan within the Vermont State Retirement System (VSRS).

The STRS's members in the Group A contributory plan could have elected to either remain in the Group A plan or transfer to the new Group B non-contributory plan. Group A members electing to transfer to the Group B plan had their choice between the following three options:

- have both their accumulated employee contributions and accumulated interest returned to them; or
- have their accumulated contributions returned to them and only their accumulated interest invested by the retirement board in the SDIA; or
- have both their accumulated employee contributions and accumulated interest invested by the retirement board in the SDIA.

The VSRS's members in the Group A contributory plan could have elected to either remain in the Group A plan or transfer to the new Group E non-contributory plan. Group A members electing to transfer to the Group E plan had their choice between the following three options:

- have both their accumulated employee contributions and accumulated interest returned to them; or

- have their accumulated contributions returned to them and only their accumulated interest invested by the retirement board in the SDIA; or
- have both their accumulated employee contributions and accumulated interest invested by the retirement board in the SDIA.

No additional contributions could be made to the SDIA beyond those described above. The SDIA funds are not available to the members until they retire or terminate employment. At June 30, 2013 there were 1,722 members, with net position of $68,461,221 in the Single Deposit Investment Account.

The defined contribution plans' financial statements are as follows:

Statement of Plan Net Position
Defined Contribution Plans
June 30, 2013

	Vermont State Defined Contribution Fund	Single Deposit Investment Account	Vermont Municipal Employees' Defined Contribution Fund
Assets			
Cash and short term investments	$ 109,259	$ 966,007	$ 70,150
Receivables			
Contributions - current	104,858	-	25,470
Interest and dividends	-	9	-
Due from other funds	-	-	26,131
Investments at fair value			
Mutual and commingled funds	48,911,978	67,495,205	18,454,963
Prepaid expenses	4,540	-	-
Total assets	49,130,635	68,461,221	18,576,714
Liabilities			
Accounts payable	1,248	-	362
Due to other funds	40,213	-	49,212
Total liabilities	41,461	-	49,574
Net position held in trust for employees' pension benefits	$ 49,089,174	$ 68,461,221	$ 18,527,140

Statement of Changes in Plan Net Position
Defined Contribution Plans
For the Fiscal Year Ended June 30, 2013

	Vermont State Defined Contribution Fund	Single Deposit Investment Account	Vermont Municipal Employees' Defined Contribution Fund
Additions			
Contributions			
Employer - pension benefit	$ 1,857,713	$ -	$ 678,918
Plan member	723,894	-	627,840
Transfers from other pension trust funds	47,198	-	26,131
Transfers from non-state systems	16,742	-	6,971
Total contributions	2,645,547	-	1,339,860
Investment Income			
Net appreciation (depreciation) in fair value of investments	3,932,390	7	1,509,883
Dividends	1,650,014	1,940,606	621,463
Interest income	374	99	288
Other income	1,995	-	-
Total investment income	5,584,773	1,940,712	2,131,634
Less Investment Expenses			
Investment managers and consultants	-	226,654	-
Total investment expenses	-	226,654	-
Net investment income	5,584,773	1,714,058	2,131,634
Total additions	8,230,320	1,714,058	3,471,494
Deductions			
Retirement benefits	4,240,996	7,327,731	1,399,052
Operating expenses	40,647	-	86,275
Total deductions	4,281,643	7,327,731	1,485,327
Change in net position	3,948,677	(5,613,673)	1,986,167
Net position held in trust for employees' pension benefits			
July 1, 2012	45,140,497	74,074,894	16,540,973
June 30, 2013	$ 49,089,174	$ 68,461,221	$ 18,527,140

C. Other Postemployment Benefits

In addition to providing pension benefits, the State offers postemployment medical insurance, dental insurance, and life insurance benefits to retirees of the VSRS and STRS.

Medical Insurance Plan Descriptions

Vermont State Retirement System

Employees Hired Prior To July 1, 2008

Employees hired prior to July 1, 2008, and retiring directly from active State service for any reason (disability, early, or normal) may elect to carry whatever medical coverage is in effect at that time into retirement for themselves and their dependents. During their lifetime the retiree will pay 20% of the cost of the premium, except in the case where retirees select joint or survivorship options. If the retiree chooses the joint or survivor pension options and predeceases his or her spouse, the medical benefits along with the pension benefit will continue for the spouse. However, generally, the surviving spouse must pay 100% of the cost of the premium.

In addition, once a retiree or surviving spouse becomes eligible for Medicare coverage (at age 65); it is mandatory that they enroll in both Medicare Part A and Part B as soon as possible. Medicare thus becomes the primary insurer with the State plan becoming the secondary insurer. The insured's State insurance premium costs will then decrease in recognition of this change.

If an employee, other than a group C member, does not retire directly from State service, they are not eligible to participate in the State's medical insurance plan. Group C members who terminate with 20 or more years of service, but are not yet 50 years old, may elect to receive medical coverage at the time they begin receiving their retirement benefits. If the insurance is terminated at any time after retirement benefits have been received, coverage will not be able to be obtained again at a later date.

Employees Hired After June 30, 2008

Based on legislation enacted during fiscal year 2008, Group F employees hired after June 30, 2008 will pay, upon retirement, a tiered retiree health care premium amount based on completed years of service. The tiered rate paid will range from 100% of the premium cost for retirees with less than 10 years of service to 20% of the premium cost for retirees with 20 or more years of service. Additionally, as part of the enacted legislation, Group F employees hired after June 30, 2008 will also have the ability to elect health care insurance at the 20% premium cost level when they begin to receive retirement benefits in a manner comparable to regular retirements even if the employee terminated prior to their early retirement date, provided the member had 20 years of service upon termination of employment.

As of June 30, 2013, retirees accounted for 4,223 of the 12,798 participants enrolled in the single, spousal, or family plan options. Of the $130 million in premiums received by the Medical Insurance Fund (internal service fund) during 2013, retirees contributed $6.7 million. Of the $125 million in claims expense incurred by the Medical Insurance Fund during 2013, $34.4 million was attributable to retiree claims.

The Vermont State Postemployment Benefits Trust Fund (3 V.S.A. 479a) was established in fiscal year 2007 as an irrevocable trust fund for the purpose of accumulating and providing reserves to support retiree postemployment benefits other than pension benefits for members of the VSRS. By definition this is a fund required to follow the reporting requirements of the Governmental Accounting Standards Board Statement No. 43 - "Financial Reporting for Postemployment Benefit Plans Other Than Pensions." The State's fiscal year 2013 contributions to this trust fund totaled $25.6 million which included a $1.7 million Medicare D reimbursement received from the Federal Government. The trust fund then paid premium payments of $23.9 million (calculated on a pay-as-you-go basis) to the State's Medical Insurance Fund. At June 30, 2013, the trust fund has total net position of $15,662,783 being held in trust for postemployment benefits other than pension benefits.

State Teachers Retirement System

Retirees in the STRS plan participate in multi-employer health coverage plans operated by the Vermont Education Health Initiative (VEHI) which is managed jointly by the Vermont School Boards Insurance Trust and the Vermont- National Education Association. VEHI partners with Blue Cross Blue Shield to provide health insurance to retired and active teachers. VEHI issues its own audited financial statements. These and plan information are available the VEHI Offices, 2 Prospect Street, Suite 5, Montpelier, VT 05602.

Members of the STRS have access to three medical benefit plans in retirement. The plans are identical to those offered to active teachers in public school systems in Vermont. Members may pick up medical coverage under one of the plans offered for themselves and all eligible dependents at the time of retirement, or anytime thereafter during one of the semi-annual open enrollment periods. Current employees with ten or more years of service as of July 1, 2010, receive a premium subsidy of 80%, and have a tiered years of service requirement to be eligible for an 80% spousal insurance premium subsidy. For new hires and those with less than 10 years of service as of July 1, 2010, there is no premium subsidy for those retiring with less than 15 years of service at retirement, 60% single premium subsidy at 15 years, 70% single premium subsidy at 20 years ,and 80% single and spousal premium subsidy at 25 years. The retiree must pick up the full cost of the premium for all covered dependents. No plan changes were made in fiscal year 2013.

Once a retiree becomes eligible for Medicare coverage (at age 65), it is mandatory that they enroll in both Medicare Part A and Part B. Medicare becomes the primary insurer and the Teacher's medical plans become the secondary insurer. Two of the plans offered become "carve-out" plans to coordinate with Medicare, and one of the plans is replaced with a true Medicare supplemental plan. The premiums for all plans are reduced in accordance with the decrease in liability once Medicare becomes the primary insurer.

As of June 30, 2013, 4,946 retirees are enrolled in the single, spouse, and family medical plan options. The retirees contributed $13.6 million in premiums, the State contributed $21.0 million to the STRS pension trust fund for medical benefit premiums, and the STRS pension trust fund paid $22.5 million to VEHI on a pay-as-you-go basis, during fiscal year 2013. VEHI incurred $34.9 million in retiree claims expense for the fiscal year ending June 30, 2013.

Medicare Part D - Prescription Drug Subsidy

Under the Medicare, Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), employer sponsors of retiree prescription drug plans can apply for a 28% subsidy for the qualified prescription drug costs of their retirees. To be eligible for the subsidy, the employer coverage must be actuarially equivalent to the new Medicare Part D coverage and the employer must provide notices of creditable prescription drug coverage to individuals entitled to Medicare Part D.

The State Teachers' Retirement System Board of Trustees agreed that they would continue to offer the same prescription drug coverage program that has been available to active and retired teachers for the past several years. The Retirement Division has received an attestation from its actuaries that the prescription drug program offered to retired teachers is equivalent, and in fact, better than the drug program offered through Medicare Part D. The State system has also agreed to offer the same prescription drug coverage program that has been available to active and retired State employees for the past several years. The Department of Human Resources has received an attestation from its actuaries that the prescription drug program offered to retired members is equivalent, and in fact, better than the drug program offered through Medicare Part D

The systems will continue to evaluate the results of the Medicare Part D Program and its impact on the post-age 65 health care benefits marketplace and prescription drug pricing. The Vermont Teachers' Retirement Board of Trustees and the State will need to determine in future years whether it is in their best interest to continue to offer the same prescription drug program, or whether it should be modified or discontinued. If the determination is to continue to offer the same coverage, the estimated annual subsidy will fluctuate depending on the number of retirees and covered dependents that actually sign up for the Medicare Part D Program. If it is determined that the prescription coverage should either be modified or discontinued, then the savings will be realized by a decrease in medical premiums.

For the fiscal year ending June 30, 2013, the subsidy for the VSRS system was $1,668,896. The State has elected to contribute this revenue in the Vermont State Postemployment Benefits Trust Fund to fund future postemployment health benefit liabilities. In the case of STRS, the subsidy for fiscal year 2013 was $1,440,080 and was deposited into the STRS Pension Trust Fund.

Plan Membership

At June 30, 2013, the number of participants included in the OPEB valuations are as follows:

	VSRS	STRS
Active employees [1]	8,575	10,100
Terminated vested	-	750
Retired employees [2]	4,223	5,450
Total participants	12,798	16,300

[1] Number of active employees includes participants in the defined contribution plan.

[2] Includes 33 VSRS and 157 STRS July 1, 2013 retirements.

OPEB Actuarial Valuation- Methods and Assumptions

The State's independent actuary has prepared annual valuations of the OPEB liabilities for VSRS and STRS as of June 30, 2013. Both the VSRS and STRS reports present two separate calculations of the State's OPEB liability, depending on whether the liability would be prefunded or remain on a pay-as-you-go basis. Since the VSRS has accumulated some assets, a third blended calculation is also included. The MERS, a cost-sharing, multiple-employer public employees' retirement system, is administered by the State but has no associated State health care benefit or liability. While the Vermont Municipal Employees Health Benefit Fund is classified as a postemployment benefit fund, there is no accrued liability in excess of the assets of the fund. There is no annual required contribution and unfunded actuarial accrued liability. Component units and authorities of the State will perform their own valuation as the State does not assume the risk or financial burden for their health care costs.

In the VSRS and STRS OPEB plans' actuarial valuations, per unit capita healthcare costs were updated based on recent plan premium equivalents and enrollments. All other assumptions, including healthcare cost trend and assumed discount rate, were the same as those used in 2012. All State OPEB Plan provisions were the same as those reflected in the 2012 valuation.

The STRS OPEB Plan's valuation reflects a change in the way prescription drug benefits for Medicare-eligible retirees are structured. Beginning January 1, 2014, VEHI will change from participating in the Retiree Drug Subsidy Program to a Medicare Part D Employer Group Waiver Plan (EGWP).

The VSRS OPEB trust fund has accumulated some level of pre-funding. Therefore, the valuation reflected a blended rate of 4.25%, rather than the pay-as-you-go liability calculated at 4%. The STRS OPEB has no trust fund and no prefunding has been made. Therefore, the valuation used a 4% discount rate to calculate the liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following list contains the various actuarial methods and significant assumptions used to determine the annual required contributions at the State level for VSRS and STRS OPEB plans.

	VSRS	STRS
Valuation date	6/30/2013	6/30/2013
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Open basis for pay-as-you-go	Open basis for pay-as-you-go
Amortization period	30 years starting in fiscal year 2014	30 years starting in fiscal year 2014
Actuarial assumptions		
Investment rate of return - prefunding	8.10%	7.90%
Investment rate of return - pay-as-you-go	4.25% [1]	4.00%
Medical Care and State Share Inflation	6.25% in 2014, 6.00% in 2015, 5.75% in 2016, 5.50% in 2018, 5.25% in 2019, 5.00% in 2020 and after	5.00%
Coverage	80% of current active employees will elect retiree medical coverage and 70% of terminated vested will elect coverage	60% of current active employees will elect retiree medical coverage and 30% of terminated vested will elect coverage

[1] In fiscal year 2013, partial prefunding resulted in a blended rate of 4.25%

The actuary has estimated the change in the unfunded actuarial accrued liability between June 30, 2012 and June 30, 2013, as follows:

	VSRS	STRS
Unfunded actuarial accrued liability, June 30, 2012	$ 998,403,967	$ 827,180,098
End of year service cost	39,656,943	22,401,753
Interest cost	42,250,046	32,612,252
Estimated benefit payments	(35,699,629)	(23,982,688)
Estimated increase in assets	(3,063,611)	-
Impact of recent year demographic experience	8,753,852	19,076,143
New per capita costs	(133,417,643)	38,380,643
Other refinements	14,537,356	617,121
Asset loss	779,712	-
Implementation of EGWP	-	(203,619,214)
Unfunded actuarial accrued liability, June 30, 2013	$ 932,200,993	$ 712,666,108

Implementation of the EGWP arrangement impacts the calculation of accrued liabilities, as it is treated differently for accounting purposes than the previous Retiree Drug Subsidy (RDS) program. GASB Statement No. 45 disallows reflecting future RDS payments as an offset to liabilities, while the EGWP arrangement flows into reduced premiums as opposed to an intergovernmental transfer, allowing those subsidies to be reflected in the calculation of the liabilities.

Annual OPEB Cost and Net OPEB Obligation

The State's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. GASB Statement 45 was implemented in fiscal year 2008 prospectively with a zero net OPEB Obligation (NOO) beginning balance for both the VSRS and STRS OPEB defined benefit plans.

The following table shows the component of the State's annual OPEB cost for the year ended June 30, 2013 the amount actually contributed, and the changes in the State's net OPEB obligation.

	VSRS	STRS
Annual Required Contribution (ARC)	$ 67,977,179	$ 45,458,358
Interest on NOO	8,072,470	10,788,358
Amortization of NOO	(5,695,328)	(7,798,732)
Annual OPEB Cost (AOC)	70,354,321	48,447,984
Employer Contribution Made	(25,557,683)	-
Increase in NOO	44,796,638	48,447,984
NOO - July 1, 2012	189,940,475	269,708,962
NOO - June 30, 2013	$ 234,737,113	$ 318,156,946
Percentage of ARC contributed	36.33%	0.00%

Three-Year Trend Information

OPEB Fund/Plan	Year Ended 6/30	Annual OPEB Cost*	Percentage Contributed	NOO Balance
State Employees' Postemployment Benefit Trust Fund				
	2011	$ 68,343,620	40.08%	$ 145,886,587
	2012	71,706,077	38.56%	189,940,475
	2013	70,354,321	36.33%	234,737,113
Postemployment Benefits for State Teachers Retirement System				
	2011	43,508,091	0.00%	223,817,296
	2012	45,891,666	0.00%	269,708,962
	2013	48,447,984	0.00%	318,156,946

* Determined on a pay-as-you-go basis

Funded Status and Funding Progress

The funding status of the plans as of June 30, 2013, was as follows *(expressed in thousands)*:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
VSRS [1]						
6/30/13	$ 15,663	$ 947,864	$ 932,201	1.7%	$ 436,949	213.3%
STRS [2]						
6/30/13	-	712,666	712,666	0.0%	563,534	126.5%

[1] Reflects blended discount rate of 4.25% in 2013

[2] Discount rate for 2013 at 4.0%, reflecting no prefunding

The schedule of funding progress, presented as required supplementary information immediately following these notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Dental Insurance

Dental plans are available to retired State employees, retired teachers, retired municipal employees and their eligible dependents. The dental plan must be elected at the time of retirement. The retiree pays the full premium for all covered lives. There is no cost to the State.

Life Insurance

In the case of life insurance, if a State employee retires with 20 or more years of service and was participating

in the life insurance program, a $10,000 benefit will continue into retirement. If a State employee retires due to disability prior to age 60, and if proper documentation is approved by the life insurance company, full life insurance coverage will continue at the State's expense up to age 65. When the retiree reaches the age of 65 and if they have a total of 20 years or more of active and retired (while receiving disability) service, life insurance coverage will automatically change to the $10,000 level with 100% of the premium being paid by the State. In addition, a retiree may convert their insurance coverage in effect at their time of retirement to an individual policy within 30 days of their retirement date without a physical exam.

Vermont Municipal Employees Health Benefit Fund

The MERS RHS Plan established on July 1, 2007, is a tax-advantaged savings plan that assists retirees in paying for healthcare costs after retirement. Contributions to this fund are deposited into the RHS Plan member accounts on a tax-free basis, accumulate interest on a tax-free basis, and are drawn out during retirement on a tax-free basis to reimburse health care expenses, including out-of-pocket expenses, deductibles and premiums.

The MERS Board deposited an initial amount of $5.1 million into the RHS accounts on July 2, 2007. Additional employer contributions totaling approximately $6 million were collected during the course of the fiscal years 2008 and 2009 that were deposited in member accounts during fiscal year 2009. No such contributions have been made since fiscal year 2009. Future contributions and subsequent transfers to member accounts will be made as directed by the MERS Board of Trustees. There is no guarantee that the RHS member accounts will receive any additional funding. While classified as a postemployment benefit fund, there is no accrued liability in excess of the asset of the fund. There is no annual required contribution and unfunded actuarial accrued liability.

All MERS defined benefit members and retirees who have a minimum of 5 years of contributory service are eligible to participate in the RHS plan. The amount each member will receive is determined by the total number of contributory years of service in the system. Each year of service is equal to one share. The share value is determined based on the total eligible population, the total number of years of contributory service represented, and the amount of the distribution. The share value will change when future deposits are made. All eligible members receive the first five shares in their medical reimbursement account, which may be used for any medical expense, including premium reimbursement. The additional shares, representing service credit above five years, are deposited into the premium reimbursement account, which may only be used for medical, dental, vision or long-term health care premium reimbursements.

The money may be accessed by members only after separation from service and the achievement of retiree status from the MERS plan. For members who were already receiving retirement benefits from the MERS, the funds in their RHS account could be accessed after July 2, 2007 to reimbursement expenses incurred after July 1, 2007. Members who are still actively employed, and members in a vested-terminated status, may access the funds once they retire and begin receiving monthly pension payments. Funds in the RHS accounts are invested in the appropriate age-related Milestone Fund through a third party record keeper.

At June 30, 2013, there were 5,251 active and retired members participating in the MERS RHS plan. Investments in member accounts as of June 30, 2013 totaled $11,692,729.

The financial statements for the OPEB Funds are as follows:

Statement of Plan Net Position
Other Postemployment Benefit Funds
June 30, 2013

	Vermont State Postemployment Benefits Trust Fund	Vermont Municipal Employees' Health Benefit Fund
Assets		
Cash and short term investments	$ 2,543,040	$ 305,906
Receivables		
Contributions - current	236,521	-
Due from other funds	814,744	-
Other receivables	10,341	-
Investments at Fair Value		
Fixed income	7,950,726	-
Equities	4,089,864	-
Mutual funds	66,076	11,386,823
Total assets	15,711,312	11,692,729
Liabilities		
Accounts payable	33,962	-
Due to other funds	14,567	-
Total liabilities	48,529	-
Net position held in trust for employee's other postemployment benefits	$ 15,662,783	$ 11,692,729

Statement of Changes in Plan Net Position
Other Postemployment Benefit Funds
For the Fiscal Year Ended June 30, 2013

	Vermont State Postemployment Benefits Trust Fund	Vermont Municipal Employees' Health Benefit Fund
Additions		
Contributions		
Employer - healthcare benefit	$ 25,557,683	$ -
Total contributions	25,557,683	-
Investment Income		
Net appreciation in fair value of investments	268,113	1,151,791
Dividends	126,477	-
Interest income	272,606	885
Total investment income	667,196	1,152,676
Less Investment Expenses		
Investment managers and consultants	53,906	62,027
Total investment expenses	53,906	62,027
Net investment income	613,290	1,090,649
Total additions	26,170,973	1,090,649
Deductions		
Other postemployment benefits	23,887,003	184,249
Operating expenses	71	-
Total deductions	23,887,074	184,249
Change in net position	2,283,899	906,400
Net position held in trust for employees postemployment benefits		
July 1, 2012	13,378,884	10,786,329
June 30, 2013	$ 15,662,783	$ 11,692,729

5. Other Long-term Liabilities

Governmental activities long-term liabilities are generally liquidated by payments from the governmental and internal service funds' programs, including all major governmental fund types except for the Education Fund. Bonds payable are liquidated by transfers of resources from the General, Transportation, Special and Federal Funds. Other liabilities include the retirement incentive for VT State Hospital employees. During the year ended June 30, 2013, the following changes occurred in the long-term liabilities:

	Total Liability July 1, 2012	Additions	Reductions	Total Liability June 30, 2013	Amounts due within one year
Governmental activities					
Bonds payable					
Bonds[1]	$ 519,516,565	$ 104,158,488	$ 53,250,000	$ 570,425,053	$ 54,855,000
Bond premium	25,017,136	9,922,543	2,155,765	32,783,914	2,328,003
Bond discount	(201,157)	-	-	(201,157)	-
Total bonds payable	544,332,544	114,081,031	55,405,765	603,007,810	57,183,003
Capital leases payable[2]	3,619,308	110,272	1,675,606	2,053,974	345,996
Compensated absences	33,344,922	35,218,397	36,608,660	31,954,659	21,402,145
Claims and judgments	46,127,734	141,606,365	142,130,396	45,603,703	12,327,552
Contingent liabilities	7,000,000	-	-	7,000,000	-
Net pension obligations	231,177,143	100,726,515	116,456,627	215,447,031	-
Net other postemployment obligations	459,649,437	118,802,305	25,557,683	552,894,059	-
Other liabilities	162,750	-	81,375	81,375	81,375
Pollution remediation obligations[3]	5,642,081	5,036,819	420,008	10,258,892	2,979,390
Total governmental activities long-term liabilities	$ 1,331,055,919	$ 515,581,704	$ 378,336,120	$ 1,468,301,503	$ 94,319,461

[1] Governmental activities bonds payable additions of $104,158,488 include $93,185,000 in general obligation bonds, $10,820,000 in special obligation bonds, and $153,488 of accretions on capital appreciation bonds.

[2] The reduction in capital leases payable includes an amendment to the lease for energy efficiency projects for State owned buildings. In 2013, the State elected to pay the lessor the prepayment price of $1,302,121 for equipment located at the Waterbury Office Complex which was destroyed by Tropical Storm Irene.

[3] The Pollution Remediation Obligation (PRO) liabilities were measured using the actual contract cost, where no changes in cost are expected, or a method that is materially close to the expected cash flow technique. Liability estimates are subject to change due to cost increases or reductions, or changes in technology or applicable laws or regulations governing the remediation efforts.

Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the United States Environmental Protection Agency (USEPA) expends resources from the superfund trust for cleanup. Currently, there are five superfund sites in Vermont in various stages of cleanup, from initial assessment to cleanup activities. The Pollution Remediation Obligation (PRO) for these Superfund sites at June 30, 2013 is $5,044,064, which is a net reduction from last of $18,208. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

The State has been working with potential responsible parties and the USEPA to address the environmental contamination from an abandoned mine, which to date is not a superfund site. A remedy for the site's cleanup, including an estimate of the cost of cleanup, has not been determined due to the potential magnitude and the various options that are being investigated. In the interim, the USEPA has installed erosion control measures at the site. The State bears no obligation to USEPA for capital costs

but is responsible for monitoring the ongoing erosion control work performed and administering the support of the USEPA site programs. The PRO for the erosion mitigation stage of the work at June 30, 2013 is $360,014, a net increase of $288,808 from last year. These costs will be covered by a portion of special settlement funds received from one of the potential responsible parties.

The State is currently working on cleanup of ground water contamination resulting from a chemical spill at a former dry cleaner facility. The proposed cleanup includes the physical removal of contaminated soils and installation of a groundwater treatment system. By order of the Vermont Superior Court, the Agency of Natural Resources will conduct the cleanup work required and the former owners shall be responsible for reimbursing the State for cost related to implementing the cleanup plan. At June 30, 2013, the PRO is $971,151.

Asbestos removal is underway in three State Buildings. The pollution remediation obligation is $3,883,663 at June 30, 2013, a net increase of $3,375,061 from last year. The asbestos abatement required at the State's Waterbury Office Complex before the buildings can be demolished is $3,808,663 of the total PRO.

	Total Liability July 1, 2012	Additions	Reductions	Total Liability June 30, 2013	Amounts due within one year
Business-type activities					
Unemployment compensation trust fund federal account loan	$ 77,731,861	$ -	$ 24,851,439	$ 52,880,422	$ 52,880,422
Compensated absences	335,620	324,581	317,907	342,294	200,420
Lottery prize awards payable	5,475,747	64,556,404	64,039,807	5,992,344	4,742,190
Total business-type activities long term liabilities	$ 83,543,228	$ 64,880,985	$ 89,209,153	$ 59,215,060	$ 57,823,032
Fiduciary					
Compensated absences	$ 18,267	$ 15,353	$ 15,959	$ 17,661	$ 10,442
Total fiduciary long-term liabilities	$ 18,267	$ 15,353	$ 15,959	$ 17,661	$ 10,442

During previous fiscal years, the Unemployment Compensation Trust Fund drew advances from the U. S. Treasury's Unemployment Trust Fund (UTF). The American Recovery and Reinvestment Act of 2009 provided that these State advances be interest free through December 31, 2010. Subsequent to that date, accrued interest is payable annually each September, from the General Fund. Principal payments are also due annually each September. The amount of the payment depends on the health of the trust fund. Reductions consist of a payment of $20,000,000 that was made in September 2012 and $4,851,439 in FUTA tax credits that were applied directly against the loan balance. The balance of $52,880,422 was paid in July 2013.

H. Fund Balance/Net Position

Governmental Funds

The composition of the fund balances of the governmental funds for the fiscal year ended June 30, 2013, are shown on the following page.

	General Fund	Transportation Fund	Education Fund	Special Fund	Federal Revenue Fund	Global Commitment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable								
Advances	$ 1,038,747	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,038,747
Long-term Notes Receivable	699,499	-	-	-	-	-	-	699,499
Permanent Fund Principal	-	-	-	-	-	-	7,416,453	7,416,453
Total Nonspendable	1,738,246	-	-	-	-	-	7,416,453	9,154,699
Restricted								
General Government	-	-	-	-	8,192	-	29,632,756	29,640,948
Protection to Persons and Property	-	-	-	594,768	15,506,831	-	6,031,266	22,132,865
Human Services	-	-	-	3,116,972	49,674,682	94,864,468	20,819,647	168,475,769
Labor	-	-	-	-	9,847,008	-	-	9,847,008
Education	-	-	-	-	1,843,592	-	-	1,843,592
Natural Resources	-	-	-	5,120,598	314,330,287	-	11,853,920	331,304,805
Commerce and Community Development	-	-	-	-	1,249,793	-	1,676,215	2,926,008
Transportation	-	6,223,686	-	-	-	-	4,498,849	10,722,535
Debt Service	-	-	-	-	-	-	3,102,071	3,102,071
Total Restriced	-	6,223,686	-	8,832,338	392,460,385	94,864,468	77,614,724	579,995,601
Committed								
Protection to Persons and Property	-	-	-	56,417,728	-	-	-	56,417,728
Human Services	-	-	-	178,344	-	-	-	178,344
Labor	-	-	-	3,925,778	-	-	-	3,925,778
Education	-	-	66,434,766	430,322	-	-	23,518,422	90,383,510
Natural Resources	-	-	-	18,637,279	-	-	6,050,739	24,688,018
Commerce and Community Development	-	-	-	2,944,293	-	-	-	2,944,293
Transportation	-	15,621,785	-	-	-	-	-	15,621,785
Debt Service	-	-	-	-	-	-	3	3
Total Committed	-	15,621,785	66,434,766	82,533,744	-	-	29,569,164	194,159,459
Assigned								
General Government	475,236	-	-	-	-	-	-	475,236
Protection to Persons and Property	676,618	-	-	-	-	-	-	676,618
Human Services	1,859,279	-	-	-	-	-	-	1,859,279
Education	119,373	-	-	-	-	-	-	119,373
Natural Resources	1,627,928	-	-	-	-	-	-	1,627,928
Commerce and Community Development	515,694	-	-	-	-	-	-	515,694
Total Assigned	5,274,128	-	-	-	-	-	-	5,274,128
Unassigned	152,171,193	-	-	(5,337,970)	-	-	(1,120,411)	145,712,812
Total Fund Balance	$ 159,183,567	$ 21,845,471	$ 66,434,766	$ 86,028,112	$ 392,460,385	$ 94,864,468	$ 113,479,930	$ 934,296,699

Discretely Presented Component Units

Restricted net position is that portion of total net position that is not available for appropriation for expenditure or that are legally segregated for a specific future use. Restricted net position of discretely presented component units at June 30, 2013, is as follows:

	Vermont Student Assistance Corporation	University of Vermont and State Agricultural College	Vermont State Colleges	Vermont Housing Finance Agency	Non-major Component Units
Restricted for					
Endowments					
Expendable	$ 308,000	$ 286,430,000	$ 8,255,108	$ -	$ -
Nonexpendable	3,659,000	99,021,000	15,128,413	-	-
Grants and scholarships	471,000	-	-	-	-
Bond resolution	29,412,000	-	-	66,305,000	-
Interest rate subsidies	-	-	-	-	1,393,873
Investment - Vermont Capital Partners, LP	-	-	-	-	48,740
Investment - Vermont Seed Capital, LP	-	-	-	-	4,097,450
Collateral for commercial paper program	-	-	-	-	20,063,707
Infrastructure investments	-	-	-	-	6,061,293
Project and program commitments	-	-	-	-	36,018,964
Loans receivable [1]	-	-	-	-	174,408,171
Total Component Units Restricted Net Position	$ 33,850,000	$ 385,451,000	$ 23,383,521	$ 66,305,000	$ 242,092,198

[1] Loans receivable for the Vermont Housing and Conservation Board include federally restricted funds.

Note V. OTHER INFORMATION

A. Risk Management

1. Workers' Compensation and Risk Management

The Agency of Administration's Financial Services Division oversees the Workers' Compensation and Risk Management programs, which administers all insurance programs for State government with the exception of the health and life insurance plans listed below. State policy is to minimize the purchase of commercial insurance by either self-funding or otherwise retaining the risk when it makes sense to do so. The programs set aside assets and pay claims utilizing the following three Internal Service Funds:

Workers' Compensation Self Insurance Fund
State Liability Self Insurance Fund
Risk Management – All Other Fund (used for the purchase of commercial insurance)

The Workers' Compensation Fund covers all State employees who are injured on the job, pursuant to State statute. Certain quasi-governmental entities may also request coverage through this program. The State has unlimited exposure to liability and has not purchased any stop-loss insurance to limit this exposure. All claims are processed by Workers' Compensation personnel and are audited annually by an outside claims adjuster to ensure that the claims-based statistical information used to calculate the State's workers' compensation exposure is reliable. Liability is reviewed annually by an outside actuary, including a review of incurred but not reported claims (IBNR). The contribution required to fully fund losses is calculated annually by an outside actuary. Allocation to each participating entity is done by Risk Management personnel utilizing departmental exposure and experience factors.

The Liability Insurance Fund covers general and employment practices liability, discrimination, and auto

liability risk. The coverage is comparable to standard private commercial policies. It offers coverage to the same group of participants as those covered by the workers' compensation program described above. The State's exposure to tort risk in Vermont is subject to the doctrine of sovereign immunity and is governed by the Vermont Tort Claims Act, 12 V.S.A. §5601. Exposure outside of Vermont and to federal suit and other non-tort suit is potentially unlimited. The State is self-insured (SIR) for the first $500,000 of exposure and has purchased excess commercial insurance to cover the additional per-occurrence exposure in amounts of up to $1,500,000 ($2,000,000 total) in Vermont and $10,000,000 in excess of the $500,000 SIR for claims that are not subject to the Vermont Tort Claims Act. Claims are processed by Risk Management personnel (prior to 2006, claims were processed by a third-party administrator), and are audited annually by an outside claims adjuster to ensure that the claims-based statistical information used to calculate the State's liability exposure is reliable. This liability is reviewed annually by an outside actuary, including a review of incurred but not reported claims (IBNR). The contribution required to fully fund losses is calculated annually by an outside actuary. Allocation to each participating entity is done by Risk Management personnel utilizing departmental exposure and experience factors.

The Risk-Management – All Other Fund provides insurance coverage through purchased commercial policies for risks not covered in the above funds or which are self-assumed. This coverage provides insurance for State-owned real property, bonds for various categories of employees, errors and omissions coverage for judges, and various other miscellaneous coverages. The State's liability exposure is limited to the amount of the various deductibles associated with the respective policies and potentially for any claims in excess of the purchased limits.. Premium charges from the various insurers are either assessed directly against the entity requiring the coverage or apportioned among those entities receiving the benefits of the coverage. Risk Management also assesses a surcharge of up to 5% of the premium to cover administrative costs. Entities eligible for coverage are the same as those listed above for the other funds.

Insurance settlements have never exceeded the coverage disclosed above.

In addition to the three internal service funds above, effective July 1, 2007, the General Assembly established the Sarcoidosis Benefit Trust Fund (a program in the Special Fund) to cover specific claims arising from an outbreak of Sarcoidosis at the impaired State office building in Bennington, Vermont (Act 53 of 2007). Claims are reviewed and processed under rules established that mirror the rules for the Workers' Compensation Fund claims. Funding was established as a special fund and not a proprietary fund as funding will only be available by the General Assembly as claims arise and funding needs are determined. The Fund is managed by Workers' Compensation personnel. As of June 30, 2013, all claims in this special fund have been settled. Total payments issued from fiscal year 2008 through fiscal year 2013 are $1,805,846.

2. Health Care Insurance, Dental Assistance Plan, Life Insurance, Employee Assistance Program, and Long Term Disability Funds for State Employee Benefit Plans

The Employee Benefits Division of the Department of Human Resources maintains medical/behavioral health insurance, dental assistance plan, life insurance, employee assistance program, and long term disability program funds for the benefit of current State employees, retired former employees, and legislators as well as employees and certain former employees of outside "special" groups which have been declared eligible to participate by statute or labor agreement. Not all of these named groups may participate in every plan. Detailed eligibility information for each group listed above can be found in the plan summaries that follow. Temporary and contractual employees are not eligible to participate in these plans.

Enrolled plan participants share in the premium cost of the medical/behavioral health plan. Prescription drug coverage is included in the medical/behavioral health plan. Premium rate setting is performed by an outside actuary in conjunction with the Administrative Services Division of the Department of Human Resources. The State's liability for incurred but not yet reported (IBNR) claims is calculated by the actuary and is based on the State's prior claims experience. Special Groups covered under the health insurance plan remit premium to the State for their members. Retirees covered under the health plan pay premium through the Retirement Division of the Treasurer's Office.

The medical insurance plan offerings have been in place since 2001 and include four plan options. TotalChoice and HealthGuard options are “preferred provider organization” indemnity-type plans. The SafetyNet option is a high-deductible catastrophic plan. The SelectCare plan is a “point of service” plan, similar to an open-ended HMO. Members may opt out of the SelectCare network but must meet a deductible and coinsurance to do so. Benefits are administered under a managed care arrangement. All four health plan options are self-insured by the State. The State employs a third party administrator to provide administrative services, including claims payment. To limit the State’s large claims exposure, the State has purchased a stop loss insurance policy.

The self-funded State of Vermont Employee Dental Assistance Plan provides up to $1,000 regular dental benefits annually and up to $1,750 lifetime benefit for orthodontic expenses for each participant. These plan caps effectively limit the State's exposure to catastrophic loss so no stop-loss insurance has been purchased. The plan operates with a schedule of benefits which is bargained under the labor contract and has not been updated since 2001. The Administrative Services Division within the Department of Human Resources sets the premium rates, in consultation with the dental plan administrator’s actuary. Participants include all groups mentioned in paragraph 1 above except for retirees. The State pays 100% of the premium for State employee participants and their covered dependents. Special Groups covered under the dental assistance plan remit premium to the State for their members.

The State of Vermont Employee Life Insurance Program consists of a Term-Life benefit and an Accidental Death and Dismemberment (AD&D) benefit, each of which provides coverage equal to two times a participant's base salary rounded down to the nearest $100. Retirees who work for the State for at least twenty years and who have life insurance at the time of retirement receive a retiree life benefit of $10,000 with no AD&D coverage. Both Life and AD&D are fully insured benefits. The State purchases insurance under which the carrier retains liability for all claims. The Administrative Services Division calculates the premium rates charged to departments for both of these programs. The State pays 75% of active employees’ premiums and 100% of retirees’ premium costs. Only current State employees, retired State employees, and current active employees of outside special groups are eligible to participate. Special Groups covered under the life insurance plan remit premium to the State for their members.

An Employee Assistance Program (EAP) is provided for the benefit of State employees and members of their immediate household. This program assists employees and family members in addressing problems that impact their lives including stress, family, financial, substance abuse, and other issues. Active State employees and their families are eligible for this program. The EAP Program Manager is paid a monthly fee based on the number of employees who work for the State. The plan provides up to 5 counseling sessions per case through a network of providers. No claims costs, or claims liabilities are incurred under this plan by the State. The State pays 100% of the fee for this plan.

A Long Term Disability Program is provided as an income replacement benefit for certain State employees who become disabled due to non-occupational injury or illness, and the disability is expected to be long term or permanent. The plan provides financial protection for State employees and their families by continuing a portion of their income while disabled. Only State employees who are not eligible to be represented by the employees’ unions (the Vermont State Employees Association and the Vermont Troopers Association) are eligible for this benefit. Employees must be employed for one (1) year before coverage is effective. This plan is fully insured through an insurance company, so there is no liability to the State for claims. The premium is based on a percentage of the salaries of eligible participants. The State issues payment to the insurance company for the premium and the cost is then recovered from eligible employees in the following manner: Those eligible employees who are covered by a leave plan forfeit one day of compensated absence leave per year. Those eligible employees who are not covered by a leave plan have a one-time 0.2% salary reduction in their next cost-of-living increase following eligibility. During 2013, departments were given a 5 pay-period rate holiday and normal premium recovery from employees was not processed.

Three years’ changes in the respective funds’ claims liability amounts are displayed in the following table:

Fund and Fiscal Year	Liability at Beginning of the Fiscal Year	Current FY Claims and Changes in Estimates	Current FY Claims Payments	Liability at End of the Fiscal Year
Workers' Compensation Fund				
2011	$ 24,336,780	$ 5,850,317	$ 6,983,306	$ 23,203,791
2012	23,203,791	10,095,099	7,235,542	26,063,348
2013	26,063,348	9,668,124	8,437,633	27,293,839
State Liability Insurance Fund				
2011	6,917,902	400,884	891,905	6,426,881
2012	6,426,881	4,015,135	3,274,882	7,167,134
2013	7,167,134	1,770,040	2,892,628	6,044,546
Medical Insurance Fund				
2011	10,904,821	116,845,994	115,834,579	11,916,236
2012	11,916,236	125,624,972	124,857,795	12,683,413
2013	12,683,413	125,038,644	125,837,029	11,885,028
Dental Insurance Fund				
2011	275,228	4,972,179	5,050,658	196,749
2012	196,749	4,932,917	4,915,827	213,839
2013	213,839	5,129,557	4,963,106	380,290

B. Budget Stabilization Reserves

The 1993 Legislature amended action taken by the 1987 Legislature by repealing legislation creating the Budget Stabilization Trust Fund and created separate Budget Stabilization Reserves within both the General Fund and Transportation Fund. The Education Fund Budget Stabilization Reserve was created by the 1999 Legislature. These reserves were created to reduce the effects of annual variations in State revenues upon these funds by reserving certain surpluses of revenues.

The reserves balances consist of any budgetary basis surplus at the close of the fiscal year, provided the balance in each fund's Budget Stabilization Reserve shall not exceed an amount equal to five percent of its appropriations for the prior fiscal year plus any additional amounts as may be authorized by the Vermont Legislature. Use of the reserve is limited to offsetting the respective fund's deficit at the close of a fiscal year. For fiscal year 2013, the State fully funded the Budget Stabilization Reserves for the General, Transportation and Education Funds to their respective statutory maximum levels. The balances at June 30, 2013 are as follows: $10,808,938 in the Transportation Fund's Budget Stabilization Reserve; $62,502,016 in the General Fund's Budget Stabilization Reserve; and $29,260,126 in the Education Fund's Budget Stabilization Reserve.

The State has previously reported its General Fund Budget Stabilization Reserve as reserved for budget stabilization in the governmental funds. With the implementation of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", the reserve does not meet the criteria to be classified as restricted or committed fund balance, and is reported as unassigned fund balance. This is a reporting change. There has been no change in the budget stabilization policy or the way in which the policy is being carried out. The Transportation Fund's Budget Stabilization Reserve and the Education Fund's Education Reserve are classified as committed for transportation and education, respectively.

C. Contingent and Limited Liabilities

1. Contingent Liabilities

Vermont Economic Development Authority:
In 1974, the General Assembly created the Vermont Industrial Development Authority, renamed it the Vermont Economic Development Authority (VEDA) in 1993; and transferred the functions and the responsibilities of the Vermont Industrial Building Authority, Industrial Park Authority, and the Aid Board to it. Each of these original entities was relegated to a particular segment of commercial development. VEDA was established as a body corporate and politic and a public instrumentality of the State. It is governed by a twelve member board which consists of the Secretary of the Agency of Commerce and Community Development, the State Treasurer, the Secretary of Agriculture, Food and Markets, and nine public members appointed by the Governor with the advice and consent of the Senate. The full faith and credit of the State is pledged to support the activities of VEDA.

VEDA has the power, under its two insurance programs (the Mortgage Insurance Program – MIP and the Financial Access program – FAP), to insure various types of loans.

Under the MIP, VEDA has the power to insure up to $9 million of loans made by financial institutions for the purchase of land and construction of industrial building facilities in the State; to finance the purchase of machinery and equipment; and to provide working capital. The refinancing of existing loans is also possible under the act that created VEDA. As of June 30, 2013, the State's contingent liability for mortgage insurance contracts insured under its MIP is $1,423,598.

VEDA is authorized to reimburse lenders participating in its other insurance program (FAP) for losses incurred on loans that the lenders register with VEDA. The full faith and credit of the State is pledged in an amount equal to the reserve premium payment deposited by the participating lenders for each registered loan, with the aggregate amount of credit that may be pledged not to exceed $1 million at any one time. The State's contingent liability for the FAP at June 30, 2013 is $512,037. The State has no recorded payable to VEDA in the Governmental Funds for fiscal 2013.

Federal Grants:
The State receives federal grants that are subject to audit and review by federal grantor agencies that could result in expenditures being disallowed under the terms of the grants. However, it is believed that required reimbursements resulting from such disallowances would not be material.

2. Limited Liabilities

Vermont Economic Development Authority:
The State has a limited liability for the VEDA. VEDA may create one or more debt service reserve funds in accordance with 10 V.S.A. Section 219. Annually, VEDA must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

Vermont Municipal Bond Bank:
The State has a limited liability for the Vermont Municipal Bond Bank (Bank). The Bank is required to maintain debt service reserve funds. 24 V.S.A. Section 4675 requires the State to provide annual appropriations to restore the reserve funds to the required minimum balance, if necessary. It has never been necessary for the State to appropriate money to the reserve fund and it is not anticipated that it will need to make an appropriation in the future.

Vermont Housing Finance Agency:
The State has a limited liability for the Vermont Housing Finance Agency (Agency). The Agency may create one or more debt service reserve funds in accordance with 10 V.S.A. Section 632. Annually, the Agency must

report to the State the amount necessary to bring these reserve fund balances up to the minimum required by statute. This sum so certified may be appropriated by the State. It has not been necessary for the State to appropriate money to maintain the reserve fund and it is not anticipated that any appropriation will have to be made.

3. Contractual Liabilities

At June 30, 2013, the State of Vermont had long-term contracts outstanding of approximately $383,184,329 funded from federal sources, and $654,007,565 funded from all other funding sources. Contracts such as retainer contracts and contracts for commodities have not been included since the nature of these on-going contracts are tracked statewide to insure the best prices for supplies and some professional services. Following is a summary of contractual liabilities by agency, department or office at June 30, 2013.

Agency, Department, or Office	Total Contractual Obligation	Funded by Federal Sources	Funded by Other Sources
Agency of Administration	$ 169,323,074	$ -	$ 169,323,074
Agency of Agriculture, Food & Markets	836,847	229,737	607,110
Agency of Commerce & Community Development	6,147,511	70,188	6,077,323
Agency of Human Services	249,230,241	108,830,462	140,399,779
Agency of Natural Resources	7,001,260	1,397,170	5,604,090
Agency of Transportation	421,918,937	256,498,114	165,420,823
Auditor of Account's Office	10,048,584	-	10,048,584
Center of Crime Victims Services	27,415	6,000	21,415
Criminal Justice Training Council	172,594	-	172,594
Agency of Education	4,828,329	3,588,613	1,239,716
Department of Labor	103,567	103,567	-
Department of Liquor Control	99,680	-	99,680
Department of Public Safety	4,991,772	2,947,257	2,044,515
Enhanced 911 Board	6,445,287	-	6,445,287
Department of Financial Regulation	2,096,387	143,231	1,953,156
Fire Service Training Council	154,553	-	154,553
Green Mountain Care Board	719,293	-	719,293
Joint Fiscal Office	334,198	-	334,198
Judiciary	175,750	-	175,750
Military Department	8,324,411	7,746,064	578,347
Office of the Attorney General	489,497	35,721	453,776
Office of the Defender General	138,510	-	138,510
Public Service Board	1,381,162	-	1,381,162
Public Service Department	9,923,678	523,260	9,400,418
Secretary of State's Office	3,543,548	1,064,945	2,478,603
State Treasurer's Office	116,429,924	-	116,429,924
State's Attorneys and Sheriffs Office	90,000	-	90,000
Vermont Life Magazine	361,090	-	361,090
Vermont Lottery Commission	11,854,795	-	11,854,795
Total	$ 1,037,191,894	$ 383,184,329	$ 654,007,565

The Agency of Transportation contracts are mainly infrastructure construction contracts of which 71% have end dates of June 30, 2014 or earlier. Of the Agency of Human Services contract liability balance, 30% is for contracts in the Department of Corrections, 45% is Department of Vermont Health Access, and 9% is Department of Mental Health. Of the contracts in the Agency of Administration, 47% have end dates during fiscal year 2014, and are primarily for human resource benefit administration services, information technology services, and capital construction. The State Treasurer's Office contracts are mostly investment management services for the retirement plans which consist of 95% of the total, with 34% having end dates during fiscal year 2014.

4. Grant Awards

The State of Vermont engages in many grant programs that benefit municipalities, non-profits, individuals and families statewide. During fiscal year 2013, the State awarded over 5,500 grants. The chart below shows the funding sources for these awards, the fiscal year 2013 payments issued to grantees on both these awards and prior year grant awards, and the remaining unexpended award amounts and June 30, 2013.

	Award Balances at June 30, 2012	Current Year Awards	Award Adjustments	Current Year Expended	Award Balances at June 30, 2013	Expended from Federal Funding Sources
General Government	$ 166,036	$ 99,365,601	$ -	$ (99,501,022)	$ 30,615	$ 472,575
Commerce & Community Dev.	17,209,797	32,498,746	(103,071)	(13,453,978)	36,151,494	9,448,999
Education	20,992,203	115,667,952	(7,814,563)	(115,914,086)	12,931,506	85,523,538
Human Services	49,619,653	200,816,443	(6,620,870)	(187,989,470)	55,825,756	68,172,239
Labor	2,405,802	1,823,365	-	(2,324,801)	1,904,366	227,768
Natural Resources	14,143,858	39,202,625	(2,474,558)	(36,749,457)	14,122,468	26,005,007
Protection to Persons and Property	16,785,493	40,577,809	(1,611,881)	(28,747,952)	27,003,469	12,925,389
Transportation	186,608,103	137,288,395	(19,394,402)	(131,890,091)	172,612,005	78,766,726
	$ 307,930,945	$ 667,240,936	$ (38,019,345)	$ (616,570,857)	$ 320,581,679	$ 281,542,241

The major grants awarded in 2013 are summarized below by agency or department.

Human Services: Public health grants are awarded for prevention of diseases, public awareness programs like tobacco cessation, alcohol & drug abuse programs, HIV prevention and family planning, vaccinations and inspection programs. There were 148 grants awarded.

During fiscal year 2013, programs under mental health for adults and children were awarded 129 grants. Programs managed under mental health are child care services including youth in transition, success beyond six, and children's upstream.

The Department of Children and Families awarded 365 grants. Programs included economic assistance and services for families, child development programs, and weatherization programs.

There were 151 grants awarded to the aged and independent living programs. The majority of the grants were for training, work based learning and supported education, abuse prevention, caregiver programs and grants for congregate and home delivered meals.

During FY 2013, the State paid $59.6 million to Fletcher Allen Health Care for the Graduate Medical Education program (GME). The GME program helps ensure access to quality, essential professional health services for Medicaid beneficiaries through the care provided by teaching physicians and teaching hospitals. The University of Vermont contributed $25.8 million to the State to support the GME programs; this support is listed as other revenue in the Global Commitment Fund.

Education: The Agency of Education awarded 57 grants to education and literacy programs that aim to help

adults gain essential skills, professional learning, and adult high school diplomas. There were 1006 grants awarded for school improvements which included sources from Federal Title I, IIA, and III grants. Other programs included technology advances, early education and readiness programs, and wellness food programs. Federal ARRA funded 18 grant awards totaling $2,204,879.

Commerce and Community Development: The U.S. Department of Housing and Urban Development funded Vermont grant programs including the Community Development Block Grants, Home Investment Partnerships, Emergency Solutions Grants, and Housing Opportunities for Persons with AIDS. These programs work to provide decent housing, assure a suitable living environment, and expand economic opportunities for Vermonters. The Agency awarded 269 grants of which 29 grants were funded by HUD totaling $26 million.

Natural Resources: The Agency awarded 693 grants which included 35 by the Department of Fish and Wildlife, 37 by the Department of Forest, Parks & Recreation, 621 by the Department of Environmental Conservation. Also included are loans to Municipalities for repair and improvement of water systems, pollution control systems, and storm-water projects. Federal ARRA grants funded 8 clean water loan programs.

Protection to Persons and Property: Public Safety grants are made up of safety programs like homeland security, motorcycle safety, bicycle safety, traffic safety, seatbelt safety and boating safety. The Department awarded 587 grants; the Homeland Security Grant Program received 243 of the number awarded.

The United States Department of Justice awarded the Vermont Crime Victims' Services 39 federal grants for crime victim assistance, and domestic and family violence services' programs.

The Agency of Agricultural, Food & Markets awarded 489 grants supporting programs that encourage growth of agriculture in Vermont while protecting the health of consumers and Vermont's environment.

Transportation: Transportation grants mainly consists of town highway projects like bridge replacement and rehabilitation, culvert repair and state aid to towns; state and FTA funded projects; FEMA emergency projects, state paving projects, enhancement projects and various roadway projects. In 2013, the Agency awarded 651 grants.

D. Litigation

The State, its agencies, officials and employees are defendants in numerous lawsuits involving funding for social welfare programs, civil rights actions, public education funding, breach of contract and negligence. The Attorney General is unable to predict the ultimate outcome of the majority of these suits, some of which seek recovery of monetary damages of unspecified amounts. However, based on information provided by the Attorney General, any ultimate liability to the State resulting from these lawsuits that is not covered by various insurance policies, would not materially affect the State's overall financial condition.

E. Joint Venture

The State of Vermont has entered into a Tri-State Lotto Compact with the States of New Hampshire and Maine for the purpose of operating a tri-state lottery. This lottery does not replace Vermont's individual lottery games but is run in addition to the existing games. The Compact provided for the creation of a Tri-State Lottery Commission (Commission) which is an interstate body, both corporate and politic, serving as a common agent for the party states and representing them both collectively and individually in the exercise of its powers and duties. The Commission is composed of one member from each of the party states. Each State's lottery appoints one of its members to this position. The three-member Commission annually elects a chairperson from among its members. The Commission is empowered to promulgate rules and regulations governing the establishment and to administer the operation of the Tri-State Lotto. Tri-State Lotto tickets are sold in each of the party states and processed in a central location as determined by the Commission. Fifty percent of the gross sales from each State are aggregated in a common prize pool, and operating costs are charged proportionally to each of the party states. The remaining revenues generated within each State remain in that particular State.

At June 30, 2013, the Commission had total assets of $53,334,396, and total liabilities of $42,181,736, representing decreases of $15.4 million and $13.0 million respectively, compared to June 30, 2012 figures. For the fiscal year ended June 30, 2013, the Commission had operating revenues of $54,219,248, a decrease of $7.1 million; interest income of $66,977, an increase of $24,329; commissions, fees, and bonus expenses of $5,443,412, a decrease of $673,174; prize awards of $27,454,001 a decrease of $3.4 million; and other operating expenses of $4,228,653 an increase of $73,576; all activity as compared to the fiscal year ended June 30, 2012.

During fiscal year 2013, the Commission made operating transfers to member states of $17,160,159 versus $20,220,782 during fiscal year 2012. This total included $2,770,628 transferred to Vermont during the fiscal year, a decrease of $440,177 as compared to fiscal year 2012.

Additional information regarding the Tri-State Lotto Commission may be obtained by contacting the Vermont Lottery Commission, 1311 US Route 302-Berlin, Suite 100, Barre, Vermont 05641.

F. Accounting Changes

In November, 2010, GASB issued Governmental Accounting Standards Board Statement No. 61, *Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. This statement modified certain requirements for inclusion of component units in the financial reporting entity. As a result of the implementation of this standard, Vermont Information Technology Leaders (VITL) no longer qualifies as a component unit of the State. The Governmental Activities net position and the Special Fund fund balance were restated as of June 30, 2012 to remove the amount related to VITL.

In March, 2012, GASB issued Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities; and recognizes as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities. The State implemented this new statement during the year ended June 30, 2013, resulting in a restatement of the Government-wide Statement of Net Position as of June 30, 2012, and the Governmental Funds Statements of Revenues, Expenses and Changes in Fund Balance for the year then ended.

The effects of these changes on the statements were as follows:

	Net Position as of June 30, 2012	Fund Balance as of June 30, 2012
As originally reported	$ 1,644,826,476	$ 88,811,334
Restatements		
Remove VITL as blended component unit	(477,663)	(477,663)
Reclassification of bond issuance costs	(3,888,979)	-
Restated amount	$ 1,640,459,834	$ 88,333,671

Two discretely presented component units also restated their net position as of June 30, 2012. The Vermont Housing Finance Agency restated their net position for changes that resulted from the implementation of GASB Statement No. 65. The Vermont Telecommunications Authority restated their net position as a result of the correction of a prior period error. The effects of these changes on the statements were as follows:

	Vermont Housing Finance Agency	Vermont Telecommunications Authority
As originally reported	$ 86,669,000	$ 5,355,624
Restatements		
Correction of prior period error	-	16,021
Reclassification of items previously reported as assets and liabilities	(8,580,000)	-
Restated amount	$ 78,089,000	$ 5,371,645

G. Subsequent Events

1. Debt Issuances

2013 Series A - Special Obligation Transportation Infrastructure Bonds

The State issued $11,165,000 of 2013 Series A - Special Obligation Transportation Infrastructure Bonds, dated August 8, 2013. The interest rates on these bonds vary from 3% to 4.25%, and payment to the bondholders is scheduled to commence on June 15, 2014, and terminate on June 15, 2033.

These bonds are not general obligations of the State, and are not secured by the full faith and credit of the State but are payable only from Pledged Funds held in Trust by the Peoples United Bank (Trustee) in accordance with the terms of a Trust Agreement between the State and Peoples United Bank dated July 1, 2010, as amended and supplemented, and a Second Supplemental Agreement dated August 1, 2012. Funding sources for the Pledged Funds are funds to be received from Motor Fuel Infrastructure Assessments as authorized by Act 50 of the 2009 legislative session.

The proceeds from this issue are expected to be expended for transportation infrastructure purposes, namely the rehabilitation or replacement of ten State bridges and four town highway bridges, reconstruction of two roadways, and rehabilitation and reconstruction of two interstate bridges.

2013 Series A (Vermont Citizens Bonds) – General Obligation Bonds and 2013 Series B – General Obligation Bonds

The State issued $25,000,000 of 2013 Series A - General Obligation Bonds, dated November 14, 2013. The bonds are general obligations of the State of Vermont, and the full faith and credit of the State are pledged to the payment of principle and interest on these bonds. The interest rates on these bonds vary from 2% to 5%, and payment to bondholders is scheduled to commence on August 15, 2014, and terminate on August 15, 2028.

The State issued $42,810,000 of 2013 Series B - General Obligation Bonds, dated November 14, 2013. The bonds are general obligations of the State of Vermont, and the full faith and credit of the State are pledged to the payment of principle and interest on these bonds. The interest rates on these bonds vary from 2% to 5%, and payment to bondholders is scheduled to commence on August 15, 2014, and terminate on August 15, 2033.

The issuance of these bonds is authorized by capital acts from legislative sessions: Act 40 (2011), Act 104 (2012), and Act 51 (2013). The proceeds are to be used for various purposes including capital projects, major maintenance at the State buildings, Vermont State Colleges, Vermont school construction, cellular and

broadband telecommunications improvements, various projects in the areas of human services, natural resources, public safety, agriculture, various grant purposes, and other projects.

2013 Series C—General Obligation Refunding Bonds

The State issued $18,935,000 of 2013 Series C—General Obligation Refunding Bonds, dated November 14, 2013, for the purpose of advance refunding of $15,380,000 outstanding principle of the 2004 Series A - General Obligation Bonds and $4,100,000 outstanding principle of the 2005 Series A - General Obligation Bonds. Interest rates on the bonds range from 3% to 5%, and payments to bondholders are scheduled to commence on August 15, 2014, and terminate on August 15, 2024. As a result of the bond refunding transaction, the State reduces it total debt service payments over the next 11 years by $1,361,719, and achieves an economic gain of $984,458.

2. FEMA Grant Award

On September 18, 2013, the Federal Emergency Management Agency announced the award of $33,054,028 in disaster funding for payment for rebuilding portions of the Waterbury State Office complex damaged by Tropical Storm Irene.

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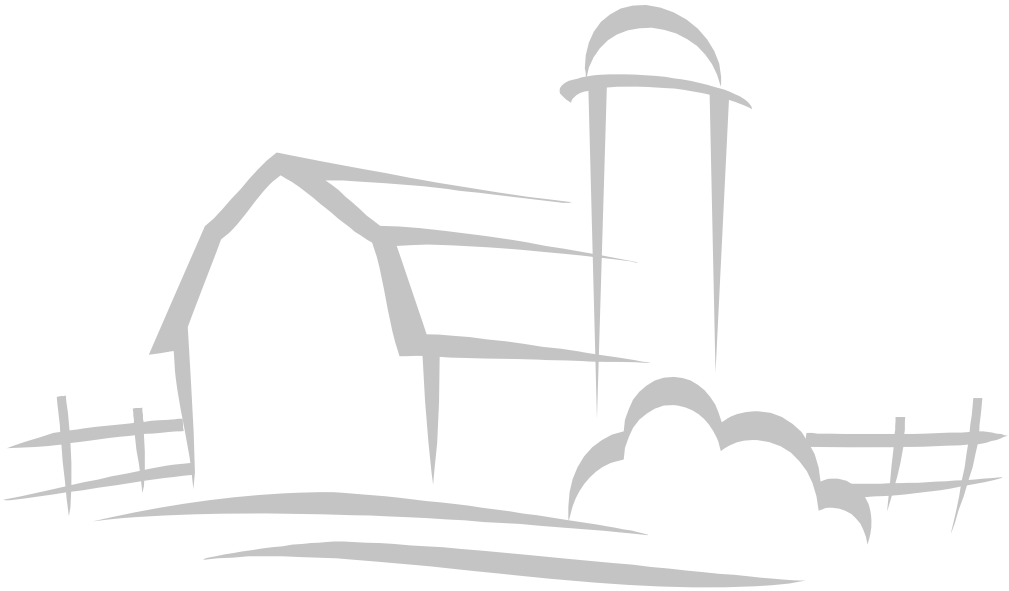

Vermont

Required Supplementary Information

(Unaudited)

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
SCHEDULE OF FUNDING PROGRESS
(dollar amounts expressed in thousands)
(Unaudited)

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
VSRS						
2013	$ 1,469,170	$ 1,914,300	$ 445,130	76.75%	$ 416,766	106.81%
2012	1,400,779	1,802,604	401,825	77.71%	385,526	104.23%
2011	1,348,763	1,695,301	346,538	79.56%	398,264	87.01%
2010	1,265,404	1,559,324	293,920	81.15%	393,829	74.63%
2009	1,217,638	1,544,144	326,506	78.86%	404,516	80.72%
2008	1,377,101	1,464,202	87,101	94.05%	404,938	21.51%
STRS						
2013	$ 1,552,924	$ 2,566,834	$ 1,013,910	60.50%	$ 563,623	179.89%
2012	1,517,410	2,462,913	945,503	61.61%	561,179	168.49%
2011	1,486,698	2,331,806	845,108	63.76%	547,748	154.29%
2010	1,410,368	2,122,191	711,823	66.46%	562,150	126.63%
2009	1,374,079	2,101,838	727,759	65.38%	561,588	129.59%
2008	1,605,462	1,984,967	379,505	80.88%	535,807	70.83%
MERS						
2013	$ 446,236	$ 528,426	$ 82,190	84.45%	$ 220,372	37.30%
2012	417,443	488,572	71,129	85.44%	215,075	33.07%
2011	402,550	436,229	33,679	92.28%	205,589	16.38%
2010	376,153	409,022	32,869	91.96%	202,405	16.24%
2009	331,407	366,973	35,566	90.31%	191,521	18.57%
2008	348,740	343,685	(5,055)	101.47%	175,894	-2.87%

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts expressed in thousands)
(Unaudited)

Retirement System	Year Ended 6/30	Annual Required Contribution	Percentage Contributed
Vermont State	2013	$ 39,390	130.41%
Retirement System	2012[1]	28,748	140.19%
	2011	44,491	84.45%
	2010	37,418	84.10%
	2009	28,998	86.68%
	2008	42,375	92.49%
State Teachers'	2013	$ 60,183	108.15%
Retirement System	2012	51,242	109.58%
	2011	48,233	104.22%
	2010	41,503	101.01%
	2009	37,077	100.74%
	2008	40,749	100.51%
Vermont Municipal Employees'	2013	$ 12,014	100.00%
Retirement System	2012	11,532	100.00%
	2011	11,117	100.00%
	2010	10,593	100.00%
	2009	-	N/A
	2008	-	N/A

[1] Fiscal year 2012 the annual required contribution had been adjusted by $5 million due to the provisions contained in Act 63 of the 2011 legislative session, and by $5.4 million to correct prior year contribution true-ups that were erroneously categorized as expenses.

N/A - not applicable.
For fiscal year 2009, the Vermont Municipal Employees' Retirement System required no employer contributions for the defined benefit pension plan. Instead, employer contributions were directed to the OPEB defined contribution plan's Vermont Municipal Employees' Health Benefit Fund.

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplemental information.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF FUNDING PROGRESS
(dollar amounts expressed in thousands)
(Unaudited)

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
State Employees' Postemployment Benefit Trust Fund [1]						
2013	$ 15,663	$ 947,864	$ 932,201	1.65%	$ 436,949	213.34%
2012	13,379	1,011,783	998,404	1.32%	406,929	245.35%
2011	11,216	1,009,792	998,576	1.11%	420,321	237.57%
2010	7,897	925,183	917,286	0.85%	414,936	221.07%
2009	5,749	780,748	774,999	0.74%	426,827	181.57%
2008	3,364	754,690	751,326	0.45%	404,937	185.54%
State Teachers Retiree Medical Benefit Plan [2]						
2013	$ -	$ 712,666	$ 712,666	0.00%	$ 563,534	126.46%
2012	-	827,180	827,180	0.00%	561,026	147.44%
2011	-	780,032	780,032	0.00%	547,748	142.41%
2010	-	703,751	703,751	0.00%	560,763	125.50%
2009	-	872,236	872,236	0.00%	561,588	155.32%
2008	-	863,555	863,555	0.00%	535,807	161.17%

[1] Based on a discount rate of 4.25%.

[2] Based on a discount rate of 4.00%.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BEEFIT PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts expressed in thousands)
(Unaudited)

Retirement System	Year Ended 6/30	Annual Required Contribution	Percentage Contributed
State Employees' Postemployment Benefit Trust Fund			
	2013	$ 67,977	37.60%
	2012	69,880	39.57%
	2011	67,030	40.87%
	2010	57,998	38.84%
	2009	58,994	33.72%
	2008	47,285	37.59%
Postemployment Benefits for State Teachers' Retirement System			
	2013	$ 45,458	0.00%
	2012	43,411	0.00%
	2011	41,509	0.00%
	2010	58,966	0.00%
	2009	59,712	0.00%
	2008	60,221	0.00%

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Taxes	$ 1,226,100,000	$ 1,228,300,000	$ 1,255,038,479	$ 26,738,479
Earnings of Departments	21,600,000	21,100,000	21,363,759	263,759
Other	12,500,000	13,100,000	12,210,676	(889,324)
Total revenues	1,260,200,000	1,262,500,000	1,288,612,914	26,112,914
Expenditures				
General Government				
Agency of Administration	45,711,594	54,415,927	41,786,545	(12,629,382)
Executive Office	1,416,314	1,563,629	1,326,902	(236,727)
Legislative Council	10,381,460	11,115,166	10,164,169	(950,997)
Joint Fiscal Office	1,408,769	1,758,940	1,442,092	(316,848)
Sergeant at Arms	557,533	591,647	546,499	(45,148)
Lieutenant Governor's Office	173,072	180,885	166,520	(14,365)
Auditor of Accounts	379,580	553,308	549,033	(4,275)
State Treasurer	988,481	1,173,624	1,120,664	(52,960)
State Labor Relations Board	198,620	200,721	198,595	(2,126)
VOSHA Review Board	23,265	47,074	25,675	(21,399)
Homeowner Property Tax Assistance	14,545,808	13,175,000	13,175,000	-
Renter Rebate Tax Assistance	2,886,900	2,589,468	2,589,468	-
Protection to Persons and Property				
Attorney General	5,112,866	5,941,512	5,686,037	(255,475)
Defender General	12,301,671	13,019,355	12,434,116	(585,239)
Judiciary	32,750,271	34,399,379	34,398,139	(1,240)
State's Attorneys and Sheriffs	13,149,954	14,545,857	13,228,221	(1,317,636)
Department of Public Safety	29,789,907	33,724,209	32,194,492	(1,529,717)
Military Department	3,629,390	3,816,915	3,313,485	(503,430)
Center Crime Victim Services	1,164,892	1,164,892	1,164,892	-
Criminal Justice Training Council	2,221,393	2,343,015	2,256,122	(86,893)
Agency of Agriculture, Food and Markets	5,904,823	7,395,536	6,405,954	(989,582)
Department of Financial Regulation	200,000	200,000	100,000	(100,000)
Secretary of State	1,653,552	1,685,021	1,654,336	(30,685)
Public Service Department	-	250,000	-	(250,000)
Human Rights Commission	391,093	414,326	388,313	(26,013)
Human Services				
Agency of Human Services	577,959,805	610,066,640	595,482,041	(14,584,599)
Green Mountain Care Board	467,038	925,768	285,104	(640,664)
Governor's Commission on Women	311,571	332,174	300,032	(32,142)
Human Services Board	113,997	111,749	111,749	-
Labor				
Department of Labor	4,782,810	6,742,198	5,189,842	(1,552,356)
General Education				
Agency of Education	9,408,537	9,907,051	9,418,002	(489,049)
State Teacher's Retirement	63,613,130	63,613,130	63,613,130	-
Higher Education	80,339,790	80,339,799	80,339,798	(1)

continued on next page

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Expenditures				
Natural Resources				
Agency of Natural Resources	19,698,909	23,644,625	21,078,819	(2,565,806)
Natural Resources Board	751,745	786,616	783,155	(3,461)
Commerce and Community Development				
Agency of Commerce and Community Development	12,326,694	15,757,473	12,445,188	(3,312,285)
Cultural Development	1,601,792	1,657,717	1,657,717	-
Transportation				
Agency of Transportation	-	108,440	108,440	-
Total expenditures	958,317,026	1,020,258,786	977,128,286	(43,130,500)
Excess of revenues over expenditures	301,882,974	242,241,214	311,484,628	69,243,414
Other Financing Sources (Uses)				
Transfers in	1,856,721	46,901,121	46,901,121	-
Transfers out	(360,976,809)	(373,076,318)	(386,126,318)	(13,050,000)
Total other financing sources (uses)	(359,120,088)	(326,175,197)	(339,225,197)	(13,050,000)
Excess of revenues and other sources over (under) expenditures and other uses	(57,237,114)	(83,933,983)	(27,740,569)	56,193,414
Fund balance, July 1	158,830,529	158,830,529	158,830,529	-
Fund balance, June 30	$ 101,593,415	$ 74,896,546	$ 131,089,960	$ 56,193,414

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Taxes	$ 133,900,000	$ 130,500,000	$ 132,820,236	$ 2,320,236
Motor vehicle fees	79,800,000	79,100,000	77,864,989	(1,235,011)
Federal	390,536,639	410,451,402	286,462,520	(123,988,882)
Other	41,800,000	42,700,000	49,898,769	7,198,769
Total revenues	646,036,639	662,751,402	547,046,514	(115,704,888)
Expenditures				
General Government				
Agency of Administration	7,038,110	3,638,110	3,638,110	-
Protection to Persons and Property				
Department of Public Safety	25,238,498	26,625,165	26,492,400	(132,765)
Transportation				
Agency of Transportation	619,519,655	659,657,734	505,955,363	(153,702,371)
Total expenditures	651,796,263	689,921,009	536,085,873	(153,835,136)
Excess of revenues over (under) expenditures	(5,759,624)	(27,169,607)	10,960,641	38,130,248
Other financing sources (uses)				
Transfers in	-	4,370,272	4,370,272	-
Transfers out	(7,090,079)	(7,028,244)	(7,028,244)	-
Total other financing sources (uses)	(7,090,079)	(2,657,972)	(2,657,972)	-
Excess of revenues and other sources over (under) expenditures and other uses	(12,849,703)	(29,827,579)	8,302,669	38,130,248
Fund balance, July 1	(2,397,374)	(2,397,374)	(2,397,374)	-
Fund balance, June 30	$ (15,247,077)	$ (32,224,953)	$ 5,905,295	$ 38,130,248

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Taxes	$ 1,081,474,410	$ 1,079,674,410	$ 1,076,341,938	$ (3,332,472)
Interest and premiums	100,000	100,000	83,414	(16,586)
Total revenues	1,081,574,410	1,079,774,410	1,076,425,352	(3,349,058)
Expenditures				
General Government				
Grand List	3,243,196	3,409,444	3,244,329	(165,115)
Renter Rebates	6,736,100	6,020,000	5,677,137	(342,863)
Human Services				
Agency of Human Services	4,337,051	4,455,899	4,297,626	(158,273)
General Education				
Agency of Education	1,381,197,264	1,391,653,773	1,374,684,089	(16,969,684)
Total expenditures	1,395,513,611	1,405,539,116	1,387,903,181	(17,635,935)
Excess of revenues over (under) expenditures	(313,939,201)	(325,764,706)	(311,477,829)	14,286,877
Other financing sources (uses)				
Transfers in	314,249,715	314,249,715	314,249,715	-
Total other financing sources (uses)	314,249,715	314,249,715	314,249,715	-
Excess of revenues and other sources over (under) expenditures and other uses	310,514	(11,514,991)	2,771,886	14,286,877
Fund balance, July 1	63,442,700	63,442,700	63,442,700	-
Fund balance, June 30	$ 63,753,214	$ 51,927,709	$ 66,214,586	$ 14,286,877

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
SPECIAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Special Fund Revenues	$ 222,231,282	$ 325,612,996	$ 299,278,799	$ (26,334,197)
Total revenues	222,231,282	325,612,996	299,278,799	(26,334,197)
Expenditures				
General Government				
Agency of Administration	14,144,085	42,147,326	19,678,747	(22,468,579)
Executive Office	193,500	193,500	186,500	(7,000)
Auditor of Accounts	53,099	53,099	53,099	-
State Treasurer	1,963,753	2,400,489	2,376,574	(23,915)
State Labor Relations Board	15,344	21,981	21,981	-
VOSHA Review Board	23,265	25,265	25,265	-
Unorganized Towns and Gores	-	311,000	278,279	(32,721)
Protection to Persons and Property				
Attorney General	4,009,902	4,874,364	4,218,221	(656,143)
Defender General	638,552	645,126	631,070	(14,056)
Judiciary	5,111,969	5,383,128	4,627,973	(755,155)
State's Attorneys and Sheriffs	2,365,740	2,405,669	2,255,548	(150,121)
Department of Public Safety	13,318,099	17,077,653	14,376,208	(2,701,445)
Military Department	221,041	234,437	234,437	-
Center Crime Victim Services	5,996,342	6,163,936	5,917,633	(246,303)
Criminal Justice Training Council	251,478	396,478	364,348	(32,130)
Agency of Agriculture, Food and Markets	6,931,510	9,297,352	6,676,024	(2,621,328)
Department of Financial Regulation	14,559,872	15,397,844	14,428,256	(969,588)
Secretary of State	5,689,283	5,689,283	5,672,511	(16,772)
Public Service Department	10,372,914	15,295,864	13,791,217	(1,504,647)
Public Service Board	2,823,980	2,825,119	2,453,159	(371,960)
Enhanced 911 Board	4,987,418	6,337,431	4,367,428	(1,970,003)
Human Rights Commission	-	17,700	15,000	(2,700)
Department of Liquor Control	-	148,261	94,254	(54,007)
Human Services				
Agency of Human Services	89,422,073	116,338,796	103,078,415	(13,260,381)
Green Mountain Care Board	531,237	1,473,788	1,254,857	(218,931)
Governor's Commission on Women	5,000	5,000	1,500	(3,500)
Human Services Board	85,326	85,326	85,326	-
Vermont Veterans Home	10,606,072	11,056,072	10,526,945	(529,127)
Labor				
Department of Labor	6,485,695	6,500,695	5,704,255	(796,440)
General Education				
Agency of Education	17,060,171	25,772,197	23,975,269	(1,796,928)
Higher Education	2,394,500	2,394,500	2,394,500	-

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STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
SPECIAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Expenditures				
Natural Resources				
Agency of Natural Resources	34,999,673	40,393,132	31,532,557	(8,860,575)
Natural Resources Board	1,965,886	1,971,057	1,875,133	(95,924)
Commerce and Community Development				
Agency of Commerce and Community Development	4,678,272	8,568,339	5,197,897	(3,370,442)
Transportation				
Agency of Transportation	3,600,000	4,939,550	4,095,068	(844,482)
Total expenditures	265,505,051	356,840,757	292,465,454	(64,375,303)
Excess of revenues over expenditures	(43,273,769)	(31,227,761)	6,813,345	38,041,106
Other Financing Sources (Uses)				
Transfers in	52,502,749	72,403,214	72,403,214	-
Transfers out	(9,228,980)	(41,175,453)	(41,175,453)	-
Total other financing sources (uses)	43,273,769	31,227,761	31,227,761	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	38,041,106	38,041,106
Fund balance, July 1	127,249,077	127,249,077	127,249,077	-
Fund balance, June 30	$ 127,249,077	$ 127,249,077	$ 165,290,183	$ 38,041,106

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
FEDERAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Federal	$ 1,400,477,006	$ 1,385,662,243	$ 1,412,487,044	$ 26,824,801
Interest and premiums	-	107,905	107,905	-
Total revenues	1,400,477,006	1,385,770,148	1,412,594,949	26,824,801
Expenditures				
General Government				
Agency of Administration	815,264	9,984,945	9,837,325	(147,620)
State Treasurer	-	450,080	424,922	(25,158)
Protection to Persons and Property				
Attorney General	745,364	745,364	742,480	(2,884)
Judiciary	888,205	1,139,023	528,568	(610,455)
State's Attorneys and Sheriffs	131,000	131,000	93,410	(37,590)
Department of Public Safety	26,869,023	29,156,250	23,120,285	(6,035,965)
Military Department	18,854,095	22,354,095	19,665,648	(2,688,447)
Center Crime Victim Services	4,040,428	4,126,004	4,071,160	(54,844)
Criminal Justice Training Council	-	200,000	129,197	(70,803)
Agency of Agriculture, Food and Markets	2,234,425	3,081,747	2,602,170	(479,577)
Department of Financial Regulation	1,504,283	1,504,283	1,504,283	-
Secretary of State	2,000,000	2,000,000	760,361	(1,239,639)
Public Service Department	843,755	1,967,777	1,112,081	(855,696)
Human Rights Commission	81,211	81,211	71,824	(9,387)
Human Services				
Agency of Human Services	1,115,307,337	1,167,765,892	1,090,996,421	(76,769,471)
Vermont Veterans' Home	7,084,986	7,084,986	7,084,675	(311)
Labor				
Department of Labor	23,751,533	23,758,348	22,890,755	(867,593)
General Education				
Agency of Education	132,744,116	134,953,816	118,437,676	(16,516,140)
Natural Resources				
Agency of Natural Resources	15,010,161	40,136,024	36,554,287	(3,581,737)
Commerce and Community Development				
Agency of Commerce and Community Development	18,732,885	46,589,297	11,063,145	(35,526,152)
Total expenditures	1,371,638,071	1,497,210,142	1,351,690,673	(145,519,469)
Excess of revenues over expenditures	28,838,935	(111,439,994)	60,904,276	172,344,270
Other Financing Sources (Uses)				
Transfers out	(19,914,607)	(31,300,816)	(31,300,816)	-
Total other financing sources (uses)	(19,914,607)	(31,300,816)	(31,300,816)	-
Excess of revenues and other sources over (under) expenditures and other uses	8,924,328	(142,740,810)	29,603,460	172,344,270
Fund balance, July 1	19,142,692	19,142,692	19,142,692	-
Fund balance (deficit), June 30	$ 28,067,020	$ (123,598,118)	$ 48,746,152	172,344,270

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GLOBAL COMMITMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Global Commitment Premiums	$ 1,137,000,000	$ 1,156,200,000	$ 1,192,428,821	$ 36,228,821
Total revenues	1,137,000,000	1,156,200,000	1,192,428,821	36,228,821
Expenditures				
Protection to Persons and Property				
Agency of Agriculture, Food & Markets	90,278	90,278	90,278	-
Department of Financial Regulation	1,048,666	1,048,666	659,544	(389,122)
Human Services				
Agency of Human Services	1,174,225,814	1,201,707,970	1,162,110,390	(39,597,580)
Green Mountain Care Board	1,477,740	1,477,740	1,450,717	(27,023)
Vermont Veterans' Home	1,410,956	1,410,956	1,410,956	-
General Education				
Higher Education	4,411,563	4,411,563	4,411,563	-
Agency of Education	1,059,274	1,059,274	775,416	(283,858)
Total expenditures	1,183,724,291	1,211,206,447	1,170,908,864	(40,297,583)
Excess of revenues over (under) expenditures	(46,724,291)	(55,006,447)	21,519,957	76,526,404
Other financing sources (uses)				
Transfers out	(21,640,302)	(21,640,302)	(21,640,302)	-
Total other financing sources (uses)	(21,640,302)	(21,640,302)	(21,640,302)	-
Excess of revenues and other sources over (under) expenditures and other uses	(68,364,593)	(76,646,749)	(120,345)	76,526,404
Fund balance, July 1	86,662,450	86,662,450	86,662,450	-
Fund balance, June 30	$ 18,297,857	$ 10,015,701	$ 86,542,105	$ 76,526,404

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
AMERICAN RECOVERY AND REINVESTMENT ACT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Federal	$ 12,723,278	$ 28,924,506	$ 14,305,978	$ (14,618,528)
Interest and principal	33,017	75,059	37,124	(37,935)
Other	581,409	1,321,748	653,733	(668,015)
Total revenues	13,337,704	30,321,313	14,996,835	(15,324,478)
Expenditures				
Protection to Persons and Property				
Department of Public Safety	-	1,784,315	854,941	(929,374)
Public Service Department	4,909,080	5,910,842	3,188,029	(2,722,813)
Public Service Board	251,601	251,601	190,424	(61,177)
Human Services				
Agency of Human Services	221,790	8,603,927	7,567,386	(1,036,541)
Labor				
Department of Labor	-	150,000	109,960	(40,040)
General Education				
Agency of Education	-	2,485,583	2,114,907	(370,676)
Natural Resources				
Agency of Natural Resources	-	1,141,074	1,113,431	(27,643)
Commerce and Community Development				
Agency of Commerce and Community Development	-	13,000	1,269	(11,731)
Transportation				
Agency of Transportation	6,701,953	8,727,691	6,873,607	(1,854,084)
Total expenditures	12,084,424	29,068,033	22,013,954	(7,054,079)
Excess of revenues over expenditures	1,253,280	1,253,280	(7,017,119)	(8,270,399)
Other financing sources (uses)				
Transfers out	(1,253,280)	(1,253,280)	(1,253,280)	-
Total other financing sources (uses)	(1,253,280)	(1,253,280)	(1,253,280)	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	(8,270,399)	(8,270,399)
Fund balance (deficit), July 1	804,470	804,470	804,470	-
Fund balance (deficit), June 30	$ 804,470	$ 804,470	$ (7,465,929)	$ (8,270,399)

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
STATE HEALTH CARE RESOURCES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
State Health Care Resources Fund Revenues	$ 265,500,000	$ 267,600,000	$ 279,807,928	$ 12,207,928
Total revenues	265,500,000	267,600,000	279,807,928	12,207,928
Expenditures				
Human Services				
Agency of Human Services	266,423,947	286,147,700	278,388,631	(7,759,069)
Total expenditures	266,423,947	286,147,700	278,388,631	(7,759,069)
Excess of revenues over (under) expenditures	(923,947)	(18,547,700)	1,419,297	19,966,997
Other financing sources (uses)				
Transfers out	4,758,047	4,758,849	4,758,849	-
Total other financing sources (uses)	4,758,047	4,758,849	4,758,849	-
Excess of revenues and other sources over (under) expenditures and other uses	3,834,100	(13,788,851)	6,178,146	19,966,997
Fund balance, July 1	141,420	141,420	141,420	-
Fund balance (deficit), June 30	$ 3,975,520	$ (13,647,431)	$ 6,319,566	$ 19,966,997

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
TOBACCO TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Tobacco Trust Funds Revenue	$ 36,398,004	$ 37,009,672	$ 35,033,245	$ (1,976,427)
Total revenues	36,398,004	37,009,672	35,033,245	(1,976,427)
Expenditures				
Protection to Persons and Property				
Attorney General	459,000	459,000	335,352	(123,648)
Judiciary	39,871	39,871	39,871	-
Department of Liquor Control	291,945	291,945	285,284	(6,661)
Human Services				
Agency of Human Services	34,615,257	35,226,925	35,091,174	(135,751)
General Education				
Agency of Education	991,931	991,931	907,621	(84,310)
Total expenditures	36,398,004	37,009,672	36,659,302	(350,370)
Excess of revenues over (under) expenditures	-	-	(1,626,057)	(1,626,057)
Fund balance, July 1	9,942,177	9,942,177	9,942,177	-
Fund balance, June 30	$ 9,942,177	$ 9,942,177	$ 8,316,120	$ (1,626,057)

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
CATAMOUNT FUND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Catamount Fund Revenues	$ -	$ -	$ 802	$ 802
Total revenues	-	-	802	802
Expenditures				
Human Services				
Agency of Human Services	-	-	-	-
Labor				
Department of Labor	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	802	802
Other financing sources (uses)				
Transfers out	(4,758,047)	(4,758,849)	(4,758,849)	-
Total other financing sources (uses)	(4,758,047)	(4,758,849)	(4,758,849)	-
Excess of revenues and other sources over (under) expenditures and other uses	(4,758,047)	(4,758,849)	(4,758,047)	802
Fund balance, July 1	4,758,047	4,758,047	4,758,047	-
Fund balance, June 30	$ -	$ (802)	$ -	$ 802

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

Note to the Required Supplementary Information—Budgetary Reporting
(unaudited)

Budgetary Comparison Schedules

The budgetary schedules provide a comparison of the original and final adopted budget with actual data on a budgetary basis for the Governmental Funds. The State compiles a separate legal basis budgetary report, which shows the legal compliance with the budget. Budgetary comparison schedules showing legal level detail may be obtained by contacting the State of Vermont, Department of Finance and Management, 109 State Street, 5th Floor, Pavilion Building, Montpelier, Vermont 05609-0401

Budgetary Process

Vermont statutes require the head of every State department, board, and commission and any officer or individual responsible for any activity for which funds are appropriated by the Vermont Legislature to provide, on or before September 1 preceding any biennium, statements to the Commissioner of Finance and Management showing in detail the amounts appropriated and expended for both the current and preceding fiscal years and the amount estimated to be necessary for similar activity for the ensuing two fiscal years. The Commissioner of Finance and Management and the Secretary of Administration are then required to submit to the Governor by November 15 preceding each biennium, the estimates as received along with any other estimates for the ensuing two fiscal years. The Governor then submits to the Vermont Legislature, no later than the third Tuesday of every annual session, a budget that embodies estimates, requests, and recommendations for appropriations or other authorizations for expenditures from the State treasury for at least the succeeding fiscal year. The Vermont Legislature then enacts into law an appropriations act that must be approved by the Governor before expenditures can be made. In recent years in accordance with Act 250 of 1979 Section 125, it has been the practice of the Governor to submit an annual budget and the Vermont Legislature to enact appropriations on an annual basis.

Budgets are prepared and appropriated on a cash basis and usually at the program level. The Governor may amend appropriations or transfer appropriations within limits established by 32 V.S.A. Chapter 9. The Agency of Administration maintains budgetary control by fund at the appropriation level. Governmental funds' unspent appropriation balances revert to the fund balance at the end of each fiscal year for re-appropriation unless authorized to be carried forward to the following year(s) by legislative act. Unexpended balances of capital projects funds are available for expenditure in the following fiscal year(s).

Budgetary Funds

Vermont's annual Appropriation Act, the State's legally adopted budget, does not present budgets using the same fund structure as what is used for reporting in accordance with accounting principles generally accepted in the United States of America (GAAP). The GAAP basis Special Fund is represented in the Appropriation Act as program-level budgets for the Special, State Health Care Resources, and Tobacco Trust Funds. These funds are presented separately in the accompanying schedules. The budgetary basis American Recovery and Reinvestment Act Fund includes certain portions of the GAAP basis Transportation and Federal Revenue Funds. These funds are presented on a budgetary basis in the accompanying schedules.

Revenue Estimates

By July 31 each year, the Joint Fiscal Office and the Secretary of Administration provide to the Emergency Board their respective estimates of State revenues in the General, Transportation, Education, State Health Care Resources, and Global Commitment Funds. The Emergency Board then has 10 days to determine the original revenue estimates for the fiscal year. For the Special, Federal Revenue, and American Recovery and Reinvestment Act Funds, the original budget for revenues is based on the amount appropriated for expenditures. By January 15, the Joint Fiscal Office and the Secretary of Administration provide to the Emergency Board their respective estimates of State revenues and the Emergency Board determines any revision to the July revenue estimates.

Expenditure and Transfer Budgets

The original budgets for expenditures and transfers are determined by the Legislature through the passage of the annual Appropriation Act. The Commissioner of Finance and Management (with approval from the Governor) may transfer balances of appropriations not to exceed $50,000 made under any appropriation act for the support of the government from one component of an agency, department, or other unit of State government, to any component of the same agency, department, or unit; and may transfer balances of

appropriations made under any appropriation act from one department or unit of the agency of transportation to another department or unit of the agency of transportation for the specific purpose of funding authorized transportation projects which have been approved by the federal government for advance construction in which the expenditure of State funds will be reimbursed by federal funds when the federal funds become available, and the transfer is limited to funds which have been approved for reimbursement. If any receipts including federal receipts exceed the appropriated amounts, the receipts may be allocated and expended, subject to the approval of the Secretary of Administration. If, however, the expenditure of those receipts will establish or increase the scope of the program, which establishment or increase will at any time commit the State to the expenditure of State funds, they may be expended only upon the approval of the Legislature.

Budget and GAAP Basis Reporting

The accompanying budgetary comparison schedules report the actual revenues, expenditures and other financing sources (uses) on a budget basis, which differs significantly from GAAP. These different accounting principles result in basis, perspective, and entity differences in the fund balance—budgetary basis. *Basis differences* arise because the basis of budgeting (cash basis) differs from the GAAP basis used to prepare the statement of revenues, expenditures, and changes in fund balances—governmental funds. *Perspective differences* result because the Appropriation Act's program-oriented structure differs from the fund structure required for GAAP. *Entity differences* arise because certain activity reported within the State's financial reporting entity for GAAP purposes is excluded from the Appropriation Act. The following presents a reconciliation of the budgetary basis and GAAP basis fund balances for the funds reported in the accompanying schedules for the fiscal year ended June 30, 2013:

	General Fund	Transportation Fund	Education Fund	Federal Revenue Fund	Global Commitment Fund	ARRA Fund
Fund Balance - Budgetary Basis	$ 131,089,960	$ 5,905,295	$ 66,214,586	$ 48,746,152	$ 86,542,105	$ (7,465,929)
Basis differences						
Cash not in budget balances	1,233,956	489	232,122	(1,765,670)	(999)	1,614,349
Taxes receivable	205,600,774	10,355,603	15,081,333	(2,493)	-	2,493
Notes and loans receivable	499,499	-	-	(1,553,341)	-	1,553,341
Other receivables	7,540,428	12,507,313	1,079,801	(34,514,027)	30,978,158	-
Interest receivable	-	22	-	3,307	-	-
Due from other funds	2,243,277	619,816	285,896	1,415,311	44,258,007	-
Due from federal government	814,744	44,580,290	-	131,703,083	55,818,933	1,295,251
Due from component units	2,139	-	-	(5,667)	-	5,667
Accounts payable	(22,257,276)	(32,634,569)	(12,056,141)	(52,608,902)	(96,327,525)	(507,542)
Accrued liabilities	(9,307,700)	(5,251,819)	(140,846)	(5,073,723)	(2,761,949)	(11,779)
Retainage payable	(6,190)	(39,351)	-	(1,508,976)	(371,144)	-
Unearned revenue	-	(52,697)	-	(1,355,936)	-	-
Tax refunds payable	(9,701,847)	-	-	-	-	-
Intergovernment payables	-	(247,803)	-	(8,662,311)	-	(4)
Due to other funds	(17,106,321)	(906,882)	(12,737)	(1,226,498)	(2,641,104)	(98,273)
Due to component units	-	-	-	-	-	-
Unavailable revenue	(131,461,876)	(10,675,064)	(4,249,248)	(1,847,366)	(20,630,014)	-
Entity differences						
Blended non-budgeted funds	-	3,665,662	-	314,394,057	-	-
Perspective differences						
Component unit included in budgeted funds	-	-	-	3,954,976	-	-
Budgeted funds reclassified to GAAP basis major governmental fund	-	(5,980,834)	-	2,368,409	-	3,612,426
Fund Balance - GAAP Basis	$ 159,183,567	$ 21,845,471	$ 66,434,766	$ 392,460,385	$ 94,864,468	$ -

	Budget Basis Funds			GAAP Basis
	Special Fund	State Health Care Resource Fund	Tobacco Trust Fund	Special Fund
Fund Balance - Budgetary Basis	$ 165,290,183	$ 6,319,566	$ 8,316,120	$ -
Basis differences				
Cash not in budget balances	(10,020)	113,687	-	103,667
Preferred stock investment	100,000	-	-	100,000
Taxes receivable	3,010,194	1,719,558	-	4,729,752
Notes and loans receivable	892,020	-	-	892,020
Other receivables	13,404,970	167,913	-	13,572,883
Due from other funds	2,704,077	-	-	2,704,077
Due from component units	44,415	-	-	44,415
Accounts payable	(15,211,704)	(918)	(55,400)	(15,268,022)
Accrued liabilities	(3,428,848)	-	(12,995)	(3,441,843)
Retainage payable	(102,527)	-	-	(102,527)
Unearned revenue	(127,889)	-	-	(127,889)
Tax refunds payable	307,633	(29,977)	-	277,656
Due to other funds	(62,213,592)	(25,509,657)	(3,430,156)	(91,153,405)
Due to component units	-	-	-	-
Unavailable revenue	(12,480,250)	(518,321)	-	(12,998,571)
Entity differences				
Blended non-budgeted funds	9,221,015	-	-	9,221,015
Perspective differences				
Component unit included in budgeted funds	(2,450,985)	-	-	(2,450,985)
Budgeted funds reclassified to GAAP basis enterprise fund	-	-	-	-
Budgeted funds reclassified to GAAP basis major governmental fund	(98,948,692)	17,738,149	(4,817,569)	179,925,869
Fund Balance - GAAP Basis	$ -	$ -	$ -	$ 86,028,112

Note: Catamount Fund was merged with State Health Care Resource Fund in 2013.

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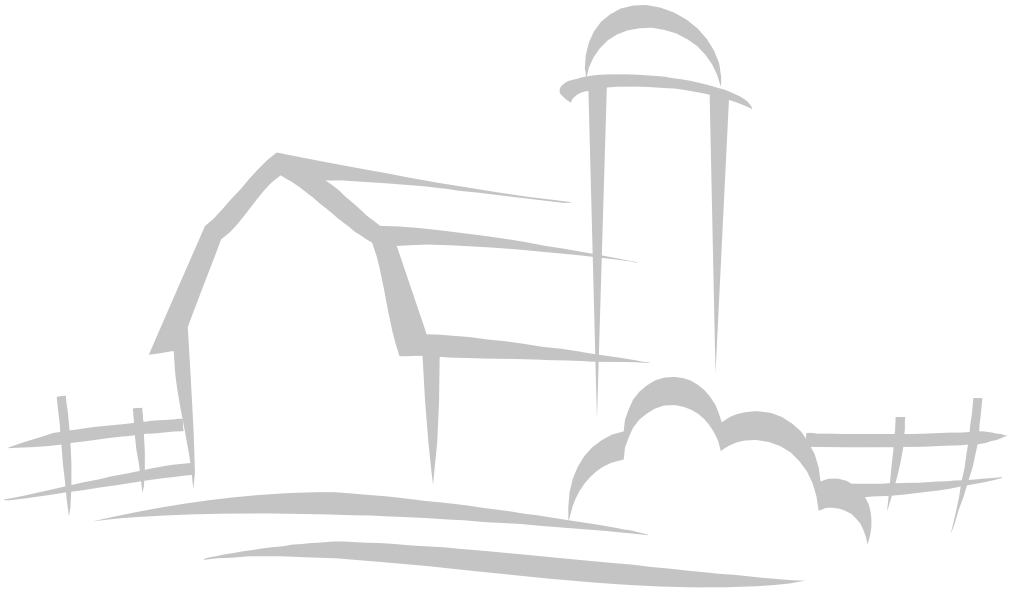

Vermont

Other Supplementary Information

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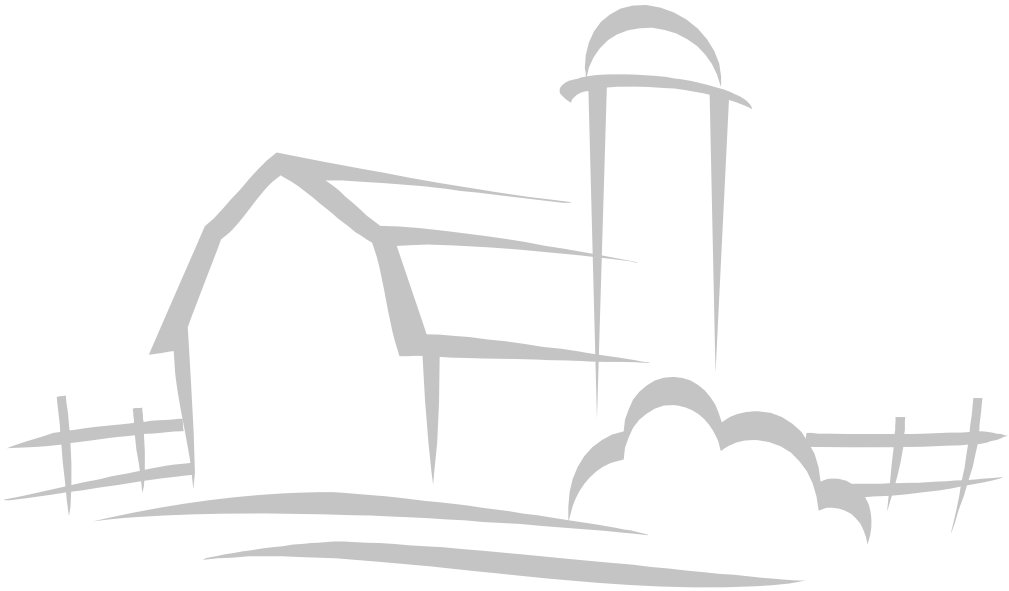

Vermont

COMBINING FINANCIAL STATEMENTS

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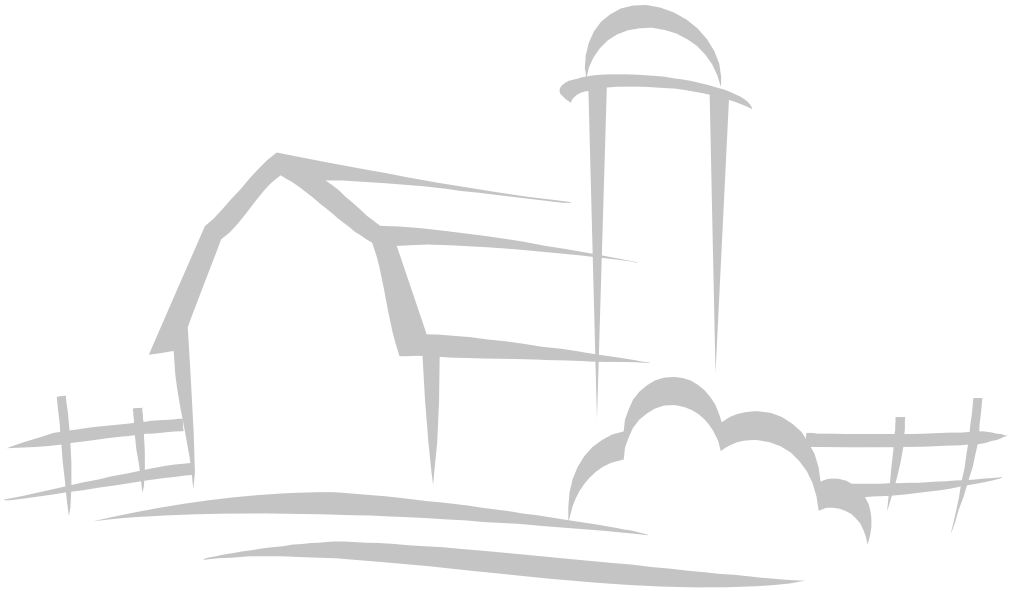

Vermont

Fish & Wildlife Fund – This fund is used to account for the activities of the Fish and Wildlife Department. The Fish and Wildlife Department's mission is to protect and conserve the State's fish, wildlife, plants and their habitats for the people of Vermont.

General Obligation Bond Projects Fund – This fund accounts for general capital improvement expenditures funded by the issuance of State general obligation bonds.

Transportation Infrastructure Bond Projects Fund – This fund accounts for transportation capital improvement expenditures funded by the issuance of Transportation Infrastructure Special Obligation bonds.

General Obligation Debt Service Fund—This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for general obligation bond principal and interest.

Transportation Infrastructure Debt Service Fund—This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for transportation infrastructure special obligation bond principal and interest.

Higher Education Endowment Fund – This is a permanent fund whose revenue is used by the University of Vermont and Vermont State Colleges to provide non loan financial assistance to Vermont students attending their institutions and by the Vermont Student Assistance Corporation to provide non loan financial assistance to Vermont students attending a Vermont postsecondary institution.

Vermont Sanitorium Fund – This is a permanent fund whose income is to be used for the treatment and cure of respiratory diseases.

Albert C. Lord Trust Fund – This is a permanent fund whose income is to be used for demonstrations, lectures and instruction in the care of woodlots and restoration.

Lumberjack Fund – This is a permanent fund whose income is to strengthen annual workshops for educators interested in enhancing classroom skills in the area of fish and wildlife management.

Couching Lion Farm Cemetery Fund – This is a permanent fund whose income is to provide for the care of a private cemetery in Camel's Hump State Park.

Carrie P. Underwood Fund – This is a permanent fund whose income is to used to provide aid to poor libraries and to otherwise promote the library interests of the State.

Laura H. Morgan Fund— This is a permanent fund whose income is to be used to benefit the Brandon Training School.

Bennington Battle Monument Fund – This is a permanent fund whose revenue is to be used to repair and maintain the Bennington Battle Monument.

Zenus H. Ellis Fund – This is a permanent fund whose income is to be used to maintain the iron fence and flagpole at the Hubbardton battlefield.

STATE OF VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue	Capital Projects	
	Fish & Wildlife Fund	General Obligation Bond Projects Fund	Transportation Infrastructure Bond Projects Fund
ASSETS			
Cash and cash equivalents	$ 2,446,629	$ 79,171,870	$ 5,204,712
Investments	4,067,532	-	-
Receivables			
Taxes receivable	121,768	-	-
Other receivables	593,867	-	-
Intergovernmental receivables - federal government	462,204	-	-
Due from other funds	-	97	-
Total assets	$ 7,692,000	$ 79,171,967	$ 5,204,712
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ 1,041,033	$ 8,743,738	$ 711,390
Accrued liabilities	503,342	-	-
Retainage payable	17,311	1,716,294	-
Due to other funds	75,540	-	151
Due to component units	-	152,240	-
Total liabilities	1,637,226	10,612,272	711,541
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	4,035	-	-
Total deferred inflow of resources	4,035	-	-
FUND BALANCES			
Nonspendable			
Permanent Fund principal	-	-	-
Restricted	-	69,680,106	4,493,171
Committed	6,050,739	-	-
Unassigned	-	(1,120,411)	-
Total fund balances	6,050,739	68,559,695	4,493,171
Total liabilities, deferred inflows and fund balances	$ 7,692,000	$ 79,171,967	$ 5,204,712

See Independent Auditors' Report.

Debt Service		Permanent Funds		
General Obligation Debt Service Fund	Transportation Infrastructure Debt Service Fund	Higher Education Endowment Fund	Vermont Sanitorium Fund	Albert C. Lord Trust Fund
$ 3	$ 3,102,071	$ 55,968	$ 68,556	$ 146,928
-	-	30,462,454	239,952	212,895
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ 3	$ 3,102,071	$ 30,518,422	$ 308,508	$ 359,823
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	7,000,000	206,502	183,217
-	3,102,071	-	102,006	176,606
3	-	23,518,422	-	-
-	-	-	-	-
3	3,102,071	30,518,422	308,508	359,823
$ 3	$ 3,102,071	$ 30,518,422	$ 308,508	$ 359,823

continued on next page

STATE OF VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Permanent Funds		
	Lumberjack Fund	**Couching Lion Farm Cemetery Fund**	**Carrie P. Underwood Fund**
ASSETS			
Cash and cash equivalents	$ 19,152	$ 21,332	$ 11,320
Investments	10,608	2,243	12,910
Receivables			
Taxes receivable	-	-	-
Other receivables	-	-	-
Intergovernmental receivables - federal government	-	-	-
Due from other funds	-	-	-
Total assets	$ 29,760	$ 23,575	$ 24,230
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	-	-
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to component units	-	-	-
Total liabilities	-	-	-
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	-	-	-
Total deferred inflow of resources	-	-	-
FUND BALANCES			
Nonspendable			
Permanent Fund principal	9,129	1,930	11,110
Restricted	20,631	21,645	13,120
Committed	-	-	-
Unassigned	-	-	-
Total fund balances	29,760	23,575	24,230
Total liabilities, deferred inflows and fund balances	$ 29,760	$ 23,575	$ 24,230

See Independent Auditors' Report.

Permanent Funds			
Laura H. Morgan Fund	Bennington Battle Monument Fund	Zenus H. Ellis Fund	Total Non-major Governmental Funds
$ 2,024	$ -	$ -	$ 90,250,565
2,905	2,585	2,419	35,016,503
-	-	-	121,768
-	-	-	593,867
-	-	-	462,204
-	-	-	97
$ 4,929	$ 2,585	$ 2,419	$ 126,445,004
$ -	$ -	$ -	$ 10,496,161
-	-	-	503,342
-	-	-	1,733,605
-	-	-	75,691
-	-	-	152,240
-	-	-	12,961,039
-	-	-	4,035
-	-	-	4,035
2,500	1,065	1,000	7,416,453
2,429	1,520	1,419	77,614,724
-	-	-	29,569,164
-	-	-	(1,120,411)
4,929	2,585	2,419	113,479,930
$ 4,929	$ 2,585	$ 2,419	$ 126,445,004

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue	Capital Projects	
	Fish & Wildlife Fund	General Obligation Bond Projects Fund	Transportation Infrastructure Bond Projects Fund
REVENUES			
Taxes			
Motor fuels tax	$ 929,161	$ -	$ -
Earnings of departments			
Fees	162,880	-	-
Rents and leases	65,960	-	-
Sales of services	5,404	-	-
Federal grants	7,953,292	-	-
Fines, forfeits and penalties	14,863	-	-
Investment income	185,064	-	9
Licenses			
Business	1,045	-	-
Non-business	7,220,119	-	-
Special assessments	3,443	-	-
Other revenues	594,737	-	-
Total revenues	17,135,968	-	9
EXPENDITURES			
General government	-	36,620,884	-
Protection to persons and property	-	3,045,059	-
Human services	-	7,704,723	-
General education	-	11,585,650	-
Natural resources	16,227,382	6,090,658	-
Commerce and community development	-	1,905,745	-
Transportation	-	-	6,463,372
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	16,227,382	66,952,719	6,463,372
Excess of revenues over (under) expenditures	908,586	(66,952,719)	(6,463,363)
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of bonds	-	93,185,000	10,820,000
Premium on sale of bonds	-	9,760,025	162,518
Transfers in	402,425	3,090,058	-
Transfers out	-	(3,555,257)	-
Total other financing sources (uses)	402,425	102,479,826	10,982,518
Net change in fund balances	1,311,011	35,527,107	4,519,155
Fund balances, July 1	4,739,728	33,032,588	(25,984)
Fund balances, June 30	$ 6,050,739	$ 68,559,695	$ 4,493,171

See Independent Auditors' Report.

Debt Service		Permanent Funds		
General Obligation Debt Service Fund	Transportation Infrastructure Bonds Debt Service Fund	Higher Education Endowment Fund	Vermont Sanitorium Fund	Albert C. Lord Trust Fund
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,410,364	11,261	10,115
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,410,364	11,261	10,115
-	-	-	-	-
-	-	-	-	-
-	-	-	25,000	-
-	-	1,497,045	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
70,352,776	1,609,401	-	-	-
70,352,776	1,609,401	1,497,045	25,000	-
(70,352,776)	(1,609,401)	(86,681)	(13,739)	10,115
-	-	-	-	-
-	-	-	-	-
68,031,212	1,702,378	55,966	-	-
-	-	-	-	-
68,031,212	1,702,378	55,966	-	-
(2,321,564)	92,977	(30,715)	(13,739)	10,115
2,321,567	3,009,094	30,549,137	322,247	349,708
$ 3	$ 3,102,071	$ 30,518,422	$ 308,508	$ 359,823

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STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Permanent Funds		
	Lumberjack Fund	Couching Lion Farm Cemetery Fund	Carrie P. Underwood Fund
REVENUES			
Taxes			
Motor fuels tax	$ -	$ -	$ -
Earnings of departments			
Fees	-	-	-
Rents and leases	-	-	-
Sales of services	-	-	-
Federal grants	-	-	-
Fines, forfeits and penalties	-	-	-
Investment income	529	145	618
Licenses			
Business	-	-	-
Non-business	-	-	-
Special assessments	-	-	-
Other revenues	-	-	-
Total revenues	529	145	618
EXPENDITURES			
General government	-	-	-
Protection to persons and property	-	-	-
Human services	-	-	-
General education	-	-	-
Natural resources	1,000	-	-
Commerce and community development	-	-	-
Transportation	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	1,000	-	-
Excess of revenues over (under) expenditures	(471)	145	618
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of bonds	-	-	-
Premium on sale of bonds	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	(471)	145	618
Fund balances, July 1	30,231	23,430	23,612
Fund balance, June 30	$ 29,760	$ 23,575	$ 24,230

See Independent Auditors' Report.

Permanent Funds				
Laura H. Morgan Fund	Bennington Battle Monument Fund	Zenus H. Ellis Fund	Reclassification of Capital Outlays	Total Non-major Governmental Funds
$ -	$ -	$ -	$ -	$ 929,161
-	-	-	-	162,880
-	-	-	-	65,960
-	-	-	-	5,404
-	-	-	-	7,953,292
-	-	-	-	14,863
138	119	111	-	1,618,473
-	-	-	-	1,045
-	-	-	-	7,220,119
-	-	-	-	3,443
-	-	-	-	594,737
138	119	111	-	18,569,377
-	-	-	(36,620,884)	-
-	-	-	(3,045,059)	-
-	-	-	(7,704,723)	25,000
-	-	-	(11,585,650)	1,497,045
-	-	-	(6,090,658)	16,228,382
-	-	-	(1,905,745)	-
-	-	-	(6,463,372)	-
-	-	-	73,416,091	73,416,091
-	-	-	-	71,962,177
-	-	-	-	163,128,695
138	119	111	-	(144,559,318)
-	-	-	-	104,005,000
-	-	-	-	9,922,543
-	-	-	-	73,282,039
-	-	-	-	(3,555,257)
-	-	-	-	183,654,325
138	119	111	-	39,095,007
4,791	2,466	2,308	-	74,384,923
$ 4,929	$ 2,585	$ 2,419	$ -	$ 113,479,930

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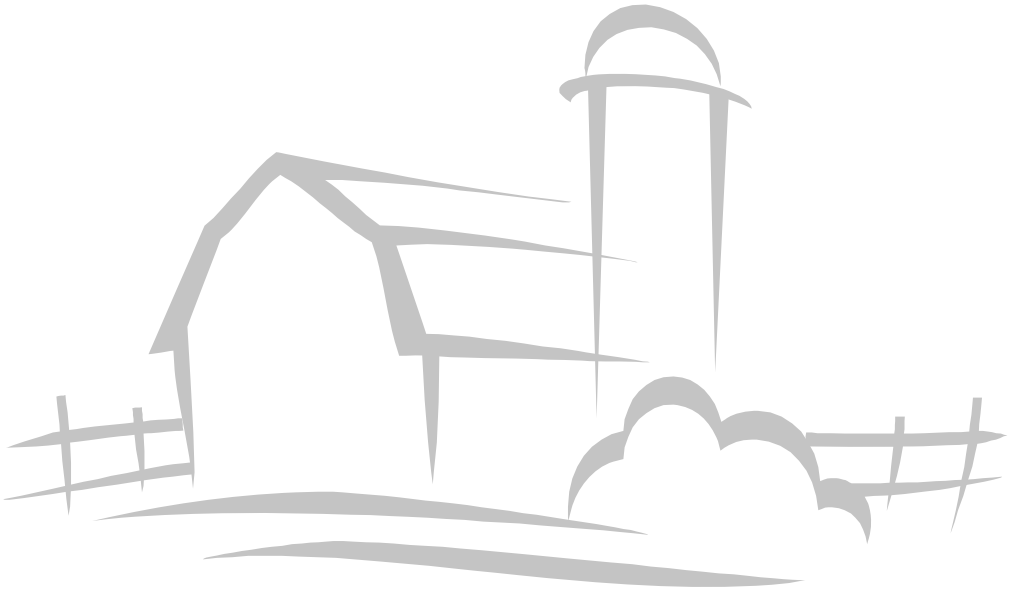

Vermont

Industrial Homework Office Fund – This fund is used to account for a program that arranges industrial work for blind and otherwise handicapped citizens at their home of a subcontract nature.

Federal Surplus Property Fund – This fund is used to account for a program that acquires and distributes surplus property from various military and federal sources. Public entities (towns, schools, districts, volunteer fire departments, etc) and non-profit organizations conducting educational and health care programs may apply for eligibility.

Vermont Life Magazine Fund – This fund is used to account for the activities of the Vermont Life Magazine. *Vermont Life* is a quarterly magazine published by the State of Vermont. It explores and celebrates the State's people, places and rich heritage.

Municipal Equipment Loan Fund – This fund is used to account for a program that was created for the purpose of providing loans on favorable terms to municipalities for the purchase of construction, fire, emergency or heavy equipment or vehicles.

Unemployment Compensation Contingency Fund – This fund is used to account for the interest, fines and penalties collected under the unemployment compensation law as well as the administrative costs not chargeable to federal grants.

Electric Power Sales Fund—This fund is used to account for the revenues and expenses for the purchase of wholesale electric power for resale to Vermont's utilities.

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2013

	Industrial Homework Office Fund	Federal Surplus Property Fund	Vermont Life Magazine Fund
ASSETS			
Current Assets			
Cash and cash equivalents	$ 76,378	$ -	$ -
Accrued interest receivable	-	-	-
Accounts receivable (net of allowances for uncollectibles)	-	15,600	124,914
Loans receivable	-	-	-
Due from other funds	-	-	4,708
Inventories, at cost	-	-	72,445
Prepaid expenses	-	-	101,212
Total current assets	76,378	15,600	303,279
Restricted and Noncurrent Assets			
Cash - subscription reserve fund	-	-	449,350
Loans receivable	-	-	-
Accounts receivable - subscriptions	-	-	5,370
Imprest cash and change fund - advances	-	-	1,200
Total restricted and noncurrent assets	-	-	455,920
Capital Assets			
Capital assets being depreciated			
Machinery, equipment and buildings	-	-	5,809
Less accumulated depreciation	-	-	(5,406)
Total capital assets, net of depreciation	-	-	403
Total restricted and noncurrent assets	-	-	456,323
Total assets	76,378	15,600	759,602
LIABILITIES			
Current Liabilities			
Accounts payable	-	8,131	126,373
Accrued salaries and benefits	-	4,279	66,401
Due to other funds	-	-	215
Interfund payable	-	262,778	1,727,040
Unearned revenue	-	-	47,859
Total current liabilities	-	275,188	1,967,888
Long-term Liabilities			
Unexpired subscriptions	-	-	449,350
Advances from other funds	-	-	1,200
Total long-term liabilities	-	-	450,550
Total liabilities	-	275,188	2,418,438
NET POSITION			
Net investment in capital assets	-	-	403
Unrestricted (deficit)	76,378	(259,588)	(1,659,239)
Total net position	$ 76,378	$ (259,588)	$ (1,658,836)

See Independent Auditors' Report.

Municipal Equipment Loan Fund	Unemployment Compensation Contingency Fund	Electric Power Sales Fund	Total Non-major Enterprise Funds
$ 998,824	$ 384,084	$ 204,154	$ 1,663,440
21,189	-	-	21,189
-	-	295,580	436,094
899,600	-	-	899,600
-	73,594	-	78,302
-	-	-	72,445
-	-	-	101,212
1,919,613	457,678	499,734	3,272,282
-	-	-	449,350
1,299,759	-	-	1,299,759
-	-	-	5,370
-	-	-	1,200
1,299,759	-	-	1,755,679
-	-	-	5,809
-	-	-	(5,406)
-	-	-	403
1,299,759	-	-	1,756,082
3,219,372	457,678	499,734	5,028,364
-	-	352,118	486,622
-	-	304	70,984
-	-	-	215
-	-	-	1,989,818
-	-	-	47,859
-	-	352,422	2,595,498
-	-	-	449,350
-	-	-	1,200
-	-	-	450,550
-	-	352,422	3,046,048
-	-	-	403
3,219,372	457,678	147,312	1,981,913
$ 3,219,372	$ 457,678	$ 147,312	$ 1,982,316

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Industrial Homework Office Fund	Federal Surplus Property Fund	Vermont Life Magazine Fund
OPERATING REVENUES			
Charges for sales and services	$ -	$ 75,625	$ 1,068,586
Federal donated property	-	1,539,433	-
Advertising revenue	-	-	409,078
Other operating revenues	-	-	82,314
Total operating revenues	-	1,615,058	1,559,978
OPERATING EXPENSES			
Cost of sales and services	-	1,539,433	531,909
Salaries and benefits	-	32,503	689,717
Insurance premium expense	-	212	8,266
Contractual services	-	20	253,941
Repairs and maintenance	-	142	1,119
Depreciation	-	-	1,937
Rental expense	-	6,989	892
Utilities and property management	-	2,286	14,828
Non-capital equipment purchased	-	-	5,353
Promotions and advertising	-	-	111,473
Administrative expenses	-	9,116	506
Supplies and parts	-	281	3,452
Distribution and postage	-	34,789	219,080
Travel	-	-	2,203
Other operating expenses	-	448	22,458
Total operating expenses	-	1,626,219	1,867,134
Operating income (loss)	-	(11,161)	(307,156)
NONOPERATING REVENUES (EXPENSES)			
Investment income (expense)	-	-	(2,345)
Total nonoperating revenues (expenses)	-	-	(2,345)
Income (loss) before transfers	-	(11,161)	(309,501)
TRANSFERS			
Transfers in	-	250,000	-
Transfers out	-	-	-
Total transfers	-	250,000	-
Change in net position	-	238,839	(309,501)
Total net position (deficit), July 1	76,378	(498,427)	(1,349,335)
Total net position (deficit), June 30	$ 76,378	$ (259,588)	$ (1,658,836)

See Independent Auditors' Report.

Municipal Equipment Loan Fund	Unemployment Compensation Contingency Fund	Electric Power Sales Fund	Total Non-major Enterprise Funds
$ -	$ -	$ 2,841,163	$ 3,985,374
-	-	-	1,539,433
-	-	-	409,078
48,729	-	-	131,043
48,729	-	2,841,163	6,064,928
-	-	2,688,721	4,760,063
-	-	15,033	737,253
-	-	-	8,478
-	-	-	253,961
-	-	-	1,261
-	-	-	1,937
-	-	656	8,537
-	-	160	17,274
-	-	360	5,713
-	-	-	111,473
-	15,472	127	25,221
-	-	48	3,781
-	-	-	253,869
-	-	-	2,203
-	-	-	22,906
-	15,472	2,705,105	6,213,930
48,729	(15,472)	136,058	(149,002)
1,161	1,293	-	109
1,161	1,293	-	109
49,890	(14,179)	136,058	(148,893)
-	792,820	-	1,042,820
-	(801,042)	-	(801,042)
-	(8,222)	-	241,778
49,890	(22,401)	136,058	92,885
3,169,482	480,079	11,254	1,889,431
$ 3,219,372	$ 457,678	$ 147,312	$ 1,982,316

STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Industrial Homework Office Fund	Federal Surplus Property Fund	Vermont Life Magazine Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ -	$ 88,025	$ 1,479,784
Cash paid to suppliers for goods and services	-	(64,733)	(1,092,960)
Cash paid to employees for services	-	(33,040)	(692,505)
Other operating revenues	-	-	82,314
Other operating expenses	-	(448)	(22,458)
Net cash provided (used) by operating activities	-	(10,196)	(245,825)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in (out)	-	250,000	-
Interfund loans and advances	-	(239,804)	208,640
Net cash provided by noncapital financing activities	-	10,196	208,640
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	-	-	(2,345)
Net cash provided (used) by investing activities	-	-	(2,345)
Net increase (decrease) in cash and cash equivalents	-	-	(39,530)
Cash and cash equivalents, July 1	76,378	-	490,080
Cash and cash equivalents, June 30	$ 76,378	$ -	$ 450,550
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ -	$ (11,161)	$ (307,156)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization	-	-	1,937
(Increase)/decrease in accounts/taxes receivable	-	12,400	45,645
(Increase)/decrease in loans receivable	-	-	-
(Increase)/decrease in acrued interest receivable	-	-	-
(Increase)/decrease in due from other funds	-	-	(4,708)
(Increase)/decrease in inventories	-	98,803	103,011
(Increase)/decrease in prepaid expenses	-	-	(29,690)
Increase/(decrease) in accounts payable	-	(10,898)	(13,375)
Increase/(decrease) in accrued salaries and benefits	-	4,022	1,920
Increase/(decrease) in due to other funds	-	(4,559)	215
Increase/(decrease) in unearned revenue	-	(98,803)	(7,372)
Increase/(decrease) in other liabilities	-	-	(99)
Increase/(decrease) in subscription reserves	-	-	(36,153)
Total adjustments	-	965	61,331
Net cash provided (used) by operating activities	$ -	$ (10,196)	$ (245,825)

NOTE: Total cash and cash equivalents at June 30 on the cash flow statement is equal to cash & cash equivalents, cash-subscription reserve fund, and imprest cash on the Statement of Net Position.

See Independent Auditors' Report.

Municipal Equipment Loan Fund	Unemployment Compensation Contingency Fund	Electric Power Sales Fund	Total Non-major Enterprise Funds
$ 1,065,403	$ -	2,831,543	$ 5,464,755
(1,021,171)	-	(2,600,418)	(4,779,282)
-	-	(14,729)	(740,274)
-	-	-	82,314
-	(15,472)	-	(38,378)
44,232	(15,472)	216,396	(10,865)
-	10,012	-	260,012
-	-	(12,242)	(43,406)
-	10,012	(12,242)	216,606
1,161	1,293	-	109
1,161	1,293	-	109
45,393	(4,167)	204,154	205,850
953,431	388,251	-	1,908,140
$ 998,824	$ 384,084	204,154	$ 2,113,990
$ 48,729	$ (15,472)	136,058	$ (149,002)
-	-	-	1,937
-	-	(9,620)	48,425
(957)	-	-	(957)
(3,540)	-	-	(3,540)
-	-	-	(4,708)
-	-	-	201,814
-	-	-	(29,690)
-	-	89,654	65,381
-	-	304	6,246
-	-	-	(4,344)
-	-	-	(106,175)
-	-	-	(99)
-	-	-	(36,153)
(4,497)	-	80,338	138,137
$ 44,232	$ (15,472)	$ 216,396	$ (10,865)

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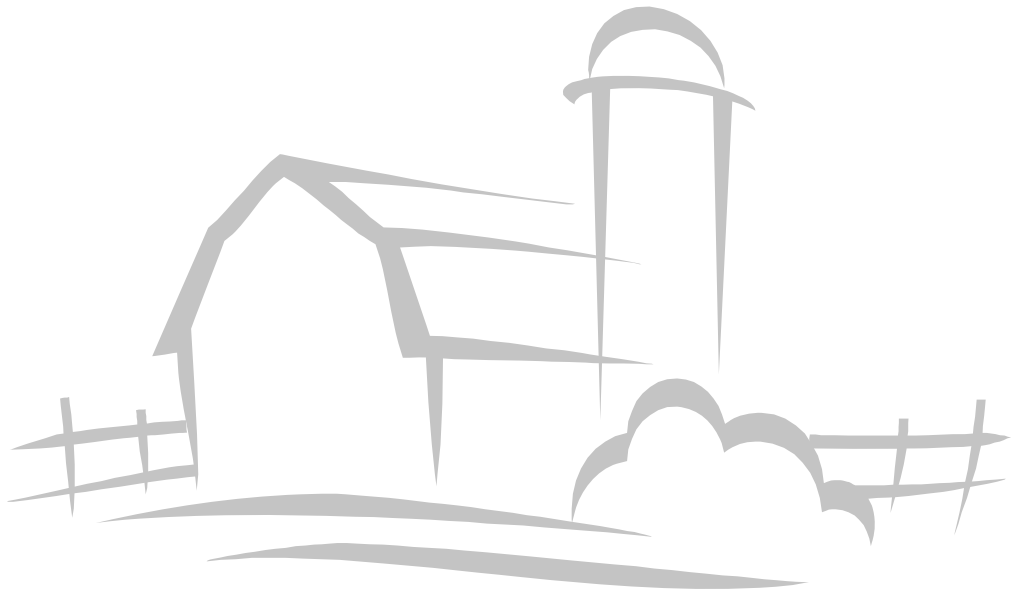

Vermont

Highway Garage Fund – This fund accounts for the maintenance and rental of equipment to the Agency of Transportation for use in construction, maintenance and operation of the State's transportation infrastructure.

Offender Work Programs – This fund accounts for the activities of the print shop, sign shop and furniture shop run by the Department of Corrections.

Single Audit Revolving Fund – The purpose of this fund is to account for the costs attributable to the Auditor of Accounts Office's performance of the annual Single Audit .

Financial & HR Information Fund – The activities of this fund account for the costs of the support of the State's financial and human capital management ERP systems.

Communications & Information Technology Fund – This fund accounts for the activities of the Department of Information and Innovation's communications and information technology services.

Fleet Fund – This fund accounts for the Department of Buildings and General Services' vehicle management activities including the daily and long-term leasing of vehicles for employees use in travel on State business.

E-Procurement Fund - The purpose of the Purchasing Card Program is to establish a more efficient, cost-effective method of purchasing and paying for small dollar transactions and high-volume, repetitive purchases.

Copy Center Fund – This fund's activities include the Department of Buildings and General Services Print Shop and copier leasing services.

Postage Fund – This fund accounts for the mail services for the Montpelier and Waterbury state complexes including mail collection and delivery, sorting, and applying postage.

Facilities Operations Fund – This fund's purpose is to provide operating expenses, maintenance, renovations and acquisitions of buildings, grounds and support facilities.

Property Management Fund – This fund's purpose is to provide State Agencies with safe, comfortable, and efficient space through leasing; purchasing; and planning which enables them to carry out their mission.

Equipment Revolving Fund – This fund is used as an internal lease purchase mechanism of equipment for State agencies and departments.

State Resource Management Fund – This fund accounts for the costs of energy resource conservation measures implemented by departments anticipated to generate a life cycle cost benefit to the state.

State Surplus Property Fund – This fund accounts for the sale of all items that are no longer needed by the State's agencies and departments.

State Liability Insurance Fund – This fund provides liability insurance coverage for the actions performed by the State's employees in the course of performing their assigned duties.

Risk Management-All Other Fund – This fund is used to purchase insurance protection for state property and other miscellaneous risks that are specific to certain departments or types of employees, such as judicial liability, liability related to maintenance of railroad tracks, and required bonds for certain state officials.

Workers' Compensation Fund – This fund provides workers' compensation coverage for all state employees.

Medical Insurance Fund – This fund provides health coverage for current state employees, retirees, legislators and other groups eligible to participate.

Dental Insurance Fund – This fund provides dental coverage for current state employees, legislators and other groups eligible to participate.

Life Insurance Fund – This fund provides a life insurance policy for current state employees, retirees and other groups eligible to participate.

Long-term Disability Fund – This fund provides an income replacement benefit for state employees that are not eligible to be represented by the employees' union should they have a long term or permanent disability.

Employees' Assistance Fund – This fund provides a program that assists state employees and members of their immediate household assistance in addressing problems that impact their lives.

Human Resource Services Fund - This fund provides centralized human resources management services for agencies and departments of the State.

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund
ASSETS			
Current Assets			
Cash and cash equivalents	$ -	$ 361,633	$ -
Accounts receivable	1,221,544	407,964	141,006
Due from other funds	-	151	-
Inventories, at cost	1,231,333	439,491	-
Prepaid expenses	-	-	-
Total current assets	2,452,877	1,209,239	141,006
Capital Assets			
Land	26,156	-	-
Construction in progress	2,307,082	-	-
Works of art	-	-	-
Capital assets being depreciated			
Machinery, equipment and buildings	57,962,838	1,405,842	-
Less accumulated depreciation	(33,333,429)	(984,792)	-
Total capital assets, net of depreciation	26,962,647	421,050	-
Total assets	29,415,524	1,630,289	141,006
LIABILITIES			
Current Liabilities			
Accounts payable	722,160	200,132	3,472
Accrued salaries and wages	281,282	135,539	106,140
Claims payable	-	-	-
Due to other funds	343	909	-
Interfund payable	239,770	-	337,548
Unearned revenue	-	-	-
Capital leases payable	-	-	-
Total current liabilities	1,243,555	336,580	447,160
Long-term Liabilities			
Claims payable	-	-	-
Capital leases payable	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	1,243,555	336,580	447,160
NET POSITION			
Net investment in capital assets	26,962,647	421,050	-
Unrestricted net position (deficit)	1,209,322	872,659	(306,154)
Total net position	$ 28,171,969	$ 1,293,709	$ (306,154)

See Independent Auditors' Report.

Financial & HR Information Fund	Communication & Information Technology Fund	Fleet Fund	E-Procurement Fund	Copy Center Fund
$ 1,149,527	$ -	$ -	$ -	$ -
531,572	6,481,274	925,466	1,309,793	263,707
3,827	1,233,010	159,681	-	-
-	-	-	-	-
6,602	2,611,680	-	-	10,610
1,691,528	10,325,964	1,085,147	1,309,793	274,317
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
64,146	9,225,574	12,633,833	-	4,156,315
(31,278)	(6,670,677)	(5,739,395)	-	(2,568,424)
32,868	2,554,897	6,894,438	-	1,587,891
1,724,396	12,880,861	7,979,585	1,309,793	1,862,208
1,107,876	6,033,545	652,833	478,467	204,199
540,477	809,084	39,001	-	50,009
-	-	-	-	-
110,501	200,000	-	-	-
-	6,172,681	5,333,298	831,326	3,309,804
-	-	-	-	-
-	-	-	-	-
1,758,854	13,215,310	6,025,132	1,309,793	3,564,012
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,758,854	13,215,310	6,025,132	1,309,793	3,564,012
32,868	2,554,897	6,894,438	-	1,587,891
(67,326)	(2,889,346)	(4,939,985)	-	(3,289,695)
$ (34,458)	$ (334,449)	$ 1,954,453	$ -	$ (1,701,804)

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	Postage Fund	Facilities Operations Fund	Property Management Fund
ASSETS			
Current Assets			
Cash and cash equivalents	$ -	$ -	$ -
Accounts receivable	415,003	3,396,000	842,949
Due from other funds	-	50,192,116	9,907,564
Inventories, at cost	714,636	-	-
Prepaid expenses	311	31,529	1,003,183
Total current assets	1,129,950	53,619,645	11,753,696
Capital Assets			
Land	-	-	-
Construction in progress	-	-	-
Works of art	-	8,200	-
Capital assets being depreciated			
Machinery, equipment and buildings	460,079	4,175,570	24,684
Less accumulated depreciation	(460,079)	(2,342,687)	(21,581)
Total capital assets, net of depreciation	-	1,841,083	3,103
Total assets	1,129,950	55,460,728	11,756,799
LIABILITIES			
Current Liabilities			
Accounts payable	6,970	3,189,587	498,362
Accrued salaries and wages	43,930	1,081,588	87,834
Claims payable	-	-	-
Due to other funds	-	29,582	75
Interfund payable	3,055,099	52,772,879	33,881,229
Unearned revenue	-	-	-
Capital leases payable	-	327,296	-
Total current liabilities	3,105,999	57,400,932	34,467,500
Long-term Liabilities			
Claims payable	-	-	-
Capital leases payable	-	1,611,975	-
Total long-term liabilities	-	1,611,975	-
Total liabilities	3,105,999	59,012,907	34,467,500
NET POSITION			
Net investment in capital assets	-	(98,188)	3,103
Unrestricted net position (deficit)	(1,976,049)	(3,453,991)	(22,713,804)
Total net position	$ (1,976,049)	$ (3,552,179)	$ (22,710,701)

See Independent Auditors' Report.

Equipment Revolving Fund	State Resource Management Fund	State Surplus Property Fund	State Liability Insurance Fund	Risk Management - All Other Fund
$ -	$ -	$ 421,647	$ 8,029,212	$ -
606,174	364,524	27,020	-	1,276,815
-	-	-	-	-
-	-	24,869	-	-
-	-	-	-	-
606,174	364,524	473,536	8,029,212	1,276,815
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	6,334	-
-	-	-	(4,838)	-
-	-	-	1,496	-
606,174	364,524	473,536	8,030,708	1,276,815
55,660	28,487	25,230	26,361	22,262
-	-	13,752	22,147	2,858
-	-	-	-	-
-	-	41,998	-	-
550,514	336,037	-	-	1,151,081
-	-	24,869	-	-
-	-	-	-	-
606,174	364,524	105,849	48,508	1,176,201
-	-	-	6,044,546	-
-	-	-	-	-
-	-	-	6,044,546	-
606,174	364,524	105,849	6,093,054	1,176,201
-	-	-	1,496	-
-	-	367,687	1,936,158	100,614
$ -	$ -	$ 367,687	$ 1,937,654	$ 100,614

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	Workers' Compensation Fund	Medical Insurance Fund	Dental Insurance Fund
ASSETS			
Current Assets			
Cash and cash equivalents	$ 22,385,405	$ 25,353,602	$ 424,252
Accounts receivable	1,152	4,383,657	214,873
Due from other funds	3,232	-	-
Inventories, at cost	-	-	-
Prepaid expenses	1,385	-	-
Total current assets	22,391,174	29,737,259	639,125
Capital Assets			
Land	-	-	-
Construction in progress	-	-	-
Works of art	-	-	-
Capital assets being depreciated	-	-	-
Machinery, equipment and buildings	-	-	-
Less accumulated depreciation	-	-	-
Total capital assets, net of depreciation	-	-	-
Total assets	22,391,174	29,737,259	639,125
LIABILITIES			
Current Liabilities			
Accounts payable	59,380	1,388,428	28,786
Accrued salaries and wages	70,851	86,873	1,473
Claims payable	62,234	11,885,028	380,290
Due to other funds	-	-	-
Interfund payable	-	-	-
Unearned revenue	-	-	-
Capital leases payable	-	-	-
Total current liabilities	192,465	13,360,329	410,549
Long-term Liabilities			
Claims payable	27,231,605	-	-
Capital leases payable	-	-	-
Total long-term liabilities	27,231,605	-	-
Total liabilities	27,424,070	13,360,329	410,549
NET POSITION			
Net investment in capital assets	-	-	-
Unrestricted net position (deficit)	(5,032,896)	16,376,930	228,576
Total net position	$ (5,032,896)	$ 16,376,930	$ 228,576

See Independent Auditors' Report.

Life Insurance Fund	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Eliminations	Total Internal Service Fund
$ 494,396	$ 47,812	$ 68,765	$ -	$ -	$ 58,736,251
87,239	7,804	10,421	124,974	-	23,040,931
-	-	-	1,049	(128,816)	61,371,814
-	-	-	-	-	2,410,329
-	-	-	-	-	3,665,300
581,635	55,616	79,186	126,023	(128,816)	149,224,625
-	-	-	-	-	26,156
-	-	-	-	-	2,307,082
-	-	-	-	-	8,200
-	-	-	-		
-	-	-	-	-	90,115,215
-	-	-	-	-	(52,157,180)
-	-	-	-	-	40,299,473
581,635	55,616	79,186	126,023	(128,816)	189,524,098
263,392	35,562	67,496	87,041	-	15,185,688
492	-	-	322,333	-	3,695,663
-	-	-	-	-	12,327,552
-	-	-	-	(128,816)	254,592
-	-	-	162,706	-	108,133,972
-	-	-	-	-	24,869
-	-	-	-	-	327,296
263,884	35,562	67,496	572,080	(128,816)	139,949,632
-	-	-	-	-	33,276,151
-	-	-	-	-	1,611,975
-	-	-	-	-	34,888,126
263,884	35,562	67,496	572,080	(128,816)	174,837,758
-	-	-	-	-	38,360,202
317,751	20,054	11,690	(446,057)	-	(23,673,862)
$ 317,751	$ 20,054	$ 11,690	$ (446,057)	$ -	$ 14,686,340

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund
OPERATING REVENUES			
Charges for sales and services	$ 16,284,822	$ 2,963,464	$ 3,348,302
Rental income	110,794	-	-
Other operating revenues	224,897	5,858	-
Total operating revenues	16,620,513	2,969,322	3,348,302
OPERATING EXPENSES			
Cost of sales and services	434	1,360,668	-
Claims expense	-	-	-
Salaries and benefits	3,670,953	956,380	1,210,064
Insurance premium expense	296,893	1,000	3,823
Contractual services	28,983	15,634	1,868,892
Repairs and maintenance	1,012,247	88,263	-
Depreciation	4,585,814	54,008	-
Rental expense	49,559	154,405	27,296
Utilities and property management	170,932	47,316	30,447
Non-capital equipment purchased	(582,384)	108,596	1,972
Promotions and advertising	555	1,456	574
Administrative expenses	19,600	1,920	34,706
Supplies and parts	6,342,289	231,646	11,564
Distribution and postage	2,641	28,242	730
Travel expenses	3,565	7,768	3,951
Other operating expenses	3,668	134,177	195
Total operating expenses	15,605,749	3,191,479	3,194,214
Operating income (loss)	1,014,764	(222,157)	154,088
NONOPERATING REVENUES			
Capital contributions (to) from other funds	-	-	-
Gain (loss) on disposal of capital assets	441,245	31,490	-
Investment income (expense)	-	(332)	-
Total nonoperating revenues (expenses)	441,245	31,158	-
Income (loss) before contributions, and transfers	1,456,009	(190,999)	154,088
OTHER FINANCING SOURCES (USES)			
Transfers in	1,120,000	-	-
Transfers out	-	-	-
Total other financing sources (uses)	1,120,000	-	-
Change in net position	2,576,009	(190,999)	154,088
Total net position (deficit), July 1	25,595,960	1,484,708	(460,242)
Total net position (deficit), June 30	$ 28,171,969	$ 1,293,709	$ (306,154)

See Independent Auditor's Report.

Financial & HR Information Fund	Communication & Information Technology Fund	Fleet Fund	E-Procurement Fund	Copy Center Fund
$ 5,924,197	$ 26,069,024	$ 4,896,697	$ 6,107,558	$ 2,401,319
-	-	-	-	-
-	-	84,253	-	-
5,924,197	26,069,024	4,980,950	6,107,558	2,401,319
-	5,459,319	-	6,107,558	485,530
-	-	-	-	-
3,632,875	6,617,578	550,203	-	642,194
10,930	11,127	146,032	-	2,115
115,478	8,012,980	-	-	26,122
837,925	2,454,898	492,144	-	334,484
138	903,872	1,829,236	-	824,896
167,569	841,180	41,293	-	53,469
961,096	1,889,240	29,517	-	23,133
229,602	1,679,033	107,463	-	62,731
147	1,938	10,180	-	49
278,337	38,047	167,370	-	53,719
11,943	18,957	1,599,186	-	2,599
9,237	3,129	471	-	4
2,002	66,342	-	-	896
11,086	912,438	4,733	-	1,275
6,268,365	28,910,078	4,977,828	6,107,558	2,513,216
(344,168)	(2,841,054)	3,122	-	(111,897)
-	663,779	60,827	-	-
-	-	585,355	-	(1,642)
-	-	-	-	-
-	663,779	646,182	-	(1,642)
(344,168)	(2,177,275)	649,304	-	(113,539)
-	900,000	-	-	-
-	-	-	-	-
-	900,000	-	-	-
(344,168)	(1,277,275)	649,304	-	(113,539)
309,710	942,826	1,305,149	-	(1,588,265)
$ (34,458)	$ (334,449)	$ 1,954,453	$ -	$ (1,701,804)

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Postage Fund	Facilities Operations Fund	Property Management Fund
OPERATING REVENUES			
Charges for sales and services	$ 3,503,515	$ 22,583,503	$ -
Rental income	-	-	14,419,144
Other operating revenues	-	1,893,694	409,508
Total operating revenues	3,503,515	24,477,197	14,828,652
OPERATING EXPENSES			
Cost of sales and services	2,629,061	1,360	11,845,166
Claims expense	-	-	-
Salaries and benefits	582,930	11,841,599	1,147,311
Insurance premium expense	2,327	1,005,690	97,520
Contractual services	-	331,981	9,535
Repairs and maintenance	86,724	2,858,895	137,685
Depreciation	-	374,750	1,080
Rental expense	58,200	646,460	48,827
Utilities and property management	23,821	7,455,454	1,239,318
Non-capital equipment purchased	40	393,875	7,204
Promotions and advertising	306	7,810	-
Administrative expenses	25,055	572,113	292,871
Supplies and parts	16,184	1,850,916	117,245
Distribution and postage	8,260	17,189	318
Travel expenses	144	27,667	4,562
Other operating expenses	205	565,057	161,726
Total operating expenses	3,433,257	27,950,816	15,110,368
Operating income (loss)	70,258	(3,473,619)	(281,716)
NONOPERATING REVENUES			
Capital contributions (to) from other funds	-	(65,392)	-
Gain (loss) on disposal of capital assets	-	(359,883)	-
Investment income (expense)	-	-	-
Total nonoperating revenues (expenses)	-	(425,275)	-
Income (loss) before contributions, and transfers	70,258	(3,898,894)	(281,716)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	3,206,253	-
Transfers out	-	-	(628,150)
Total other financing sources (uses)	-	3,206,253	(628,150)
Change in net position	70,258	(692,641)	(909,866)
Total net position (deficit), July 1	(2,046,307)	(2,859,538)	(21,800,835)
Total net position (deficit), June 30	$ (1,976,049)	$ (3,552,179)	$ (22,710,701)

See Independent Auditor's Report.

Equipment Revolving Fund	State Resource Management Fund	State Surplus Property Fund	State Liability Insurance Fund	Risk Management - All Other Fund
$ 156,252	$ 144,246	$ 1,743,017	$ 2,443,837	$ 3,072,634
-	-	-	-	-
-	-	187,465	-	-
156,252	144,246	1,930,482	2,443,837	3,072,634
-	-	1,515,439	440,052	3,016,449
-	-	-	1,770,040	-
-	-	140,686	263,839	22,930
-	-	423	592	42
-	-	38,423	672,801	-
-	-	1,292	323	-
-	-	-	2,111	-
-	-	63,552	5,301	1,280
-	-	6,595	8,743	709
155,921	143,528	1,966	34,715	5,756
-	-	1,103	-	-
331	718	19,884	38,554	17,446
-	-	1,758	989	10
-	-	411	33	-
-	-	-	1,013	129
-	-	1,472	302	79
156,252	144,246	1,793,004	3,239,408	3,064,830
-	-	137,478	(795,571)	7,804
-	-	-	-	-
-	-	-	-	-
-	-	-	13,620	-
-	-	-	13,620	-
-	-	137,478	(781,951)	7,804
-	-	-	1,069,973	-
-	-	-	-	-
-	-	-	1,069,973	-
-	-	137,478	288,022	7,804
-	-	230,209	1,649,632	92,810
$ -	$ -	$ 367,687	$ 1,937,654	$ 100,614

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Workers' Compensation Fund	Medical Insurance Fund	Dental Insurance Fund
OPERATING REVENUES			
Charges for sales and services	$ 11,000,003	$ 130,211,663	$ 5,515,713
Rental income	-	-	-
Other operating revenues	-	5,200	-
Total operating revenues	11,000,003	130,216,863	5,515,713
OPERATING EXPENSES			
Cost of sales and services	-	-	-
Claims expense	9,668,124	125,038,644	5,129,557
Salaries and benefits	1,198,968	792,929	12,298
Insurance premium expense	3,384	581,971	24
Contractual services	123,660	111,146	17,000
Repairs and maintenance	1,027	696	4
Depreciation	-	-	-
Rental expense	49,028	25,266	359
Utilities and property management	37,039	45,407	1,008
Non-capital equipment purchased	87,729	48,370	392
Promotions and advertising	389	2,172	68
Administrative expenses	177,749	5,531,175	356,248
Supplies and parts	5,122	18,950	98
Distribution and postage	8,091	6,042	164
Travel expenses	822	5,462	1
Other operating expenses	78,660	911,731	77,663
Total operating expenses	11,439,792	133,119,961	5,594,884
Operating income (loss)	(439,789)	(2,903,098)	(79,171)
NONOPERATING REVENUES			
Capital contributions (to) from other funds	-	-	-
Gain (loss) on disposal of capital assets	-	-	-
Investment income (expense)	41,972	40,616	720
Total nonoperating revenues (expenses)	41,972	40,616	720
Income (loss) before contributions, and transfers	(397,817)	(2,862,482)	(78,451)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Change in net position	(397,817)	(2,862,482)	(78,451)
Total net position (deficit), July 1	(4,635,079)	19,239,412	307,027
Total net postion (deficit), June 30	$ (5,032,896)	$ 16,376,930	$ 228,576

See Independent Auditor's Report.

Life Insurance Fund	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Total Internal Service Fund
$ 2,129,396	$ 169,485	$ 261,227	$ 3,415,789	$ 254,345,663
-	-	-	-	14,529,938
-	-	-	-	2,810,875
2,129,396	169,485	261,227	3,415,789	271,686,476
-	-	-	-	32,861,036
-	-	-	-	141,606,365
3,937	-	-	3,268,436	36,556,110
2,095,406	166,941	260,858	5,949	4,693,047
17,000	-	-	50,780	11,440,415
1	-	-	3,246	8,309,854
-	-	-	-	8,575,905
120	-	-	89,475	2,322,639
256	-	-	62,032	12,032,063
288	-	-	6,185	2,492,982
23	-	-	3,604	30,374
4,549	-	-	29,987	7,660,379
36	-	-	13,152	10,242,644
56	-	-	811	85,829
-	-	-	18,012	142,336
3	-	-	3,552	2,868,022
2,121,675	166,941	260,858	3,555,221	281,920,000
7,721	2,544	369	(139,432)	(10,233,524)
-	-	-	-	659,214
-	-	-	-	696,565
1,283	-	-	-	97,879
1,283	-	-	-	1,453,658
9,004	2,544	369	(139,432)	(8,779,866)
-	-	-	-	6,296,226
-	-	-	-	(628,150)
-	-	-	-	5,668,076
9,004	2,544	369	(139,432)	(3,111,790)
308,747	17,510	11,321	(306,625)	17,798,130
$ 317,751	$ 20,054	$ 11,690	$ (446,057)	$ 14,686,340

STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 16,723,406	$ 3,179,943	$ 3,211,592
Cash paid to suppliers for goods and services	(8,480,931)	(2,001,194)	(2,131,303)
Cash paid to employees for services	(3,672,872)	(947,692)	(1,103,924)
Cash paid to claimants	-	-	-
Other operating revenues	224,897	5,858	-
Other operating expenses	(3,668)	(134,177)	(195)
Net cash provided (used) by operating activities	4,790,832	102,738	(23,830)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in (out)	1,120,000	-	-
Interfund loans and advances	239,770	-	23,830
Net cash provided (used) by noncapital financing activities	1,359,770	-	23,830
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acqusition and construction of capital assets	(7,560,402)	(54,536)	-
Payment of capital leases	-	-	-
Insurance recoveries	18,683	-	-
Proceeds from sale of capital assets	898,715	31,490	-
Net cash (used) by capital and related financing activities	(6,643,004)	(23,046)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	-	(332)	-
Net cash provided by investing activities	-	(332)	-
Net increase (decrease) in cash and cash equivalents	(492,402)	79,360	-
Cash and cash equivalents, July 1	492,402	282,273	-
Cash and cash equivalents, June 30	$ -	$ 361,633	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 1,014,764	$ (222,157)	$ 154,088
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	4,585,814	54,008	-
(Increase)/decrease in accounts receivable	327,790	216,479	(136,710)
(Increase)/decrease in due from other funds	-	(151)	-
(Increase)/decrease in inventories	65,720	45,582	-
(Increase)/decrease in prepaid expenses	-	-	-
Increase/(decrease) in accounts payable	(1,201,680)	(466)	(147,348)
Increase/(decrease) in accrued salaries and benefits	(1,919)	8,688	106,140
Increase/(decrease) in claims payable	-	-	-
Increase/(decrease) in due to other funds	343	755	-
Increase/(decrease) in unearned revenue	-	-	-
Total adjustments	3,776,068	324,895	(177,918)
Net cash provided (used) by operating activities	$ 4,790,832	$ 102,738	$ (23,830)
Noncash investing, capital, and financing activities:			
Contributions of capital assets to/from other funds	-	-	-
Retirement of assets not fully depreciated	(476,153)	-	-

See Independent Auditors' Report.

Financial & HR Information Fund	Communications & Information Technology Fund	Fleet Fund	E-Procurement Fund	Copy Center Fund
$ 5,392,625	$ 20,889,349	$ 4,931,433	$ 5,790,111	$ 2,390,087
(1,691,167)	(19,756,691)	(2,407,212)	(6,161,934)	(1,023,181)
(3,493,153)	(6,299,157)	(549,171)	-	(635,282)
-	-	-	-	-
-	-	84,253	-	-
(11,086)	(912,438)	(4,733)	-	(1,275)
197,219	(6,078,937)	2,054,570	(371,823)	730,349
-	900,000	-	-	-
-	5,892,078	(159,048)	371,823	198,610
-	6,792,078	(159,048)	371,823	198,610
(33,006)	(713,141)	(2,754,916)	-	(928,959)
-	-	-	-	-
-	-	-	-	-
-	-	859,394	-	-
(33,006)	(713,141)	(1,895,522)	-	(928,959)
-	-	-	-	-
-	-	-	-	-
164,213	-	-	-	-
985,314	-	-	-	-
$ 1,149,527	$ -	$ -	$ -	$ -
$ (344,168)	$ (2,841,054)	$ 3,122	$ -	$ (111,897)
138	903,872	1,829,236	-	824,896
(531,572)	(5,179,675)	34,736	(317,447)	(11,232)
27,220	(75,350)	155	-	-
-	-	-	-	-
38,755	(2,208,453)	-	-	17,824
798,459	3,003,302	186,450	(54,376)	3,846
139,722	318,421	1,032	-	11,471
-	-	-	-	-
68,665	-	(161)	-	(4,559)
-	-	-	-	-
541,387	(3,237,883)	2,051,448	(371,823)	842,246
$ 197,219	$ (6,078,937)	$ 2,054,570	$ (371,823)	$ 730,349
-	663,779	60,827	-	-
-	-	(274,039)	-	(1,642)

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STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Postage Fund	Facilities Operations Fund	Property Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 3,400,707	$ 23,679,885	$ 7,928,171
Cash paid to suppliers for goods and services	(3,102,437)	(14,468,795)	(13,911,553)
Cash paid to employees for services	(594,435)	(11,803,343)	(1,182,374)
Cash paid to claimants	-	-	-
Other operating revenues	-	1,893,694	409,508
Other operating expenses	(205)	(565,057)	(161,726)
Net cash provided (used) by operating activities	(296,370)	(1,263,616)	(6,917,974)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in (out)	-	3,206,253	(628,150)
Interfund loans and advances	296,370	-	7,546,124
Net cash provided (used) by noncapital financing activities	296,370	3,206,253	6,917,974
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acqusition and construction of capital assets	-	(296,225)	-
Payment of capital leases	-	(1,656,308)	-
Insurance recoveries	-	-	-
Proceeds from sale of capital assets	-	9,896	-
Net cash (used) by capital and related financing activities	-	(1,942,637)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	-	-	-
Net cash provided by investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents, July 1	-	-	-
Cash and cash equivalents, June 30	$ -	$ -	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 70,258	$ (3,473,619)	$ (281,716)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	-	374,750	1,080
(Increase)/decrease in accounts receivable	(102,808)	(544,990)	(560,110)
(Increase)/decrease in due from other funds	-	1,641,372	(5,958,432)
(Increase)/decrease in inventories	(248,823)	-	-
(Increase)/decrease in prepaid expenses	(311)	(31,529)	(264,536)
Increase/(decrease) in accounts payable	(3,181)	703,988	171,199
Increase/(decrease) in accrued salaries and benefits	(6,946)	38,256	(7,494)
Increase/(decrease) in claims payable	-	-	-
Increase/(decrease) in due to other funds	(4,559)	28,156	(17,965)
Increase/(decrease) in unearned revenue	-	-	-
Total adjustments	(366,628)	2,210,003	(6,636,258)
Net cash provided (used) by operating activities	$ (296,370)	$ (1,263,616)	$ (6,917,974)
Noncash investing, capital, and financing activities:			
Contributions of capital assets to/from other funds	-	(65,392)	-
Retirement of assets not fully depreciated	-	(369,779)	-

See Independent Auditor's Report.

Equipment Revolving Fund	State Resource Management Fund	State Surplus Property Fund	State Liability Insurance Fund	Risk Management - All Other Fund
$ 225,488	$ 103,731	$ 1,718,046	$ 2,443,837	$ 2,931,815
(100,592)	(115,759)	(1,606,442)	(1,177,560)	(3,198,059)
-	-	(137,538)	(265,383)	(23,211)
-	-	-	(2,892,628)	-
-	-	187,465	-	-
-	-	(1,472)	(302)	(79)
124,896	(12,028)	160,059	(1,892,036)	(289,534)
-	-	-	1,069,973	-
(124,896)	12,028	-	-	289,534
				-
(124,896)	12,028	-	1,069,973	289,534
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	13,620	-
-	-	-	13,620	-
-	-	160,059	(808,443)	-
-	-	261,588	8,837,655	-
$ -	$ -	$ 421,647	$ 8,029,212	$ -
$ -	$ -	$ 137,478	$ (795,571)	$ 7,804
-	-	-	2,111	-
69,236	(40,515)	(24,971)	-	(140,819)
-	-	13,678	3,139	-
-	-	(6,583)	-	-
-	-	-	-	-
55,660	28,487	2,406	25,556	(156,238)
-	-	(10,530)	(4,683)	2,858
-	-	-	(1,122,588)	-
-	-	41,998	-	(3,139)
-	-	6,583	-	-
124,896	(12,028)	22,581	(1,096,465)	(297,338)
$ 124,896	$ (12,028)	$ 160,059	$ (1,892,036)	$ (289,534)
-	-	-	-	-
-	-	-	-	-

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Workers' Compensation Fund	Medical Insurance Fund	Dental Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 10,998,851	$ 130,133,432	$ 5,512,054
Cash paid to suppliers for goods and services	(473,055)	(6,331,961)	(398,421)
Cash paid to employees for services	(1,200,825)	(796,987)	(13,846)
Cash paid to claimants	(8,437,633)	(125,837,029)	(4,963,106)
Other operating revenues	-	5,200	-
Other operating expenses	(78,660)	(911,731)	(77,663)
Net cash provided (used) by operating activities	808,678	(3,739,076)	59,018
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in (out)	-	-	-
Interfund loans and advances	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acqusition and construction of capital assets	-	-	-
Payment of capital leases	-	-	-
Insurance recoveries	-	-	-
Proceeds from sale of capital assets	-	-	-
Net cash (used) by capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	41,972	40,616	720
Net cash provided by investing activities	41,972	40,616	720
Net increase (decrease) in cash and cash equivalents	850,650	(3,698,460)	59,738
Cash and cash equivalents, July 1	21,534,755	29,052,062	364,514
Cash and cash equivalents, June 30	$ 22,385,405	$ 25,353,602	$ 424,252
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ (439,789)	$ (2,903,098)	$ (79,171)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	-	-	-
(Increase)/decrease in accounts receivable	(1,152)	(78,062)	(4,230)
(Increase)/decrease in due from other funds	-	10,625	571
(Increase)/decrease in inventories	-	-	-
(Increase)/decrease in prepaid expenses	7,304	-	-
Increase/(decrease) in accounts payable	13,681	44,696	(23,055)
Increase/(decrease) in accrued salaries and benefits	(1,857)	(14,683)	(1,548)
Increase/(decrease) in claims payable	1,230,491	(798,385)	166,451
Increase/(decrease) in due to other funds	-	-	-
Increase/(decrease) in unearned revenue	-	(169)	-
Total adjustments	1,248,467	(835,978)	138,189
Net cash provided (used) by operating activities	$ 808,678	$ (3,739,076)	$ 59,018
Noncash investing, capital, and financing activities:			
Contributions of capital assets to/from other funds	-	-	-
Retirement of assets not fully depreciated	-	-	-

See Independent Auditor's Report.

Life Insurance Fund	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Total Internal Service Fund
$ 2,123,348	$ 169,650	$ 260,406	$ 3,290,815	$ 257,428,782
(1,985,927)	(148,574)	(256,222)	(231,591)	(91,160,561)
(4,652)	-	-	(3,254,842)	(35,978,687)
-	-	-	-	(142,130,396)
-	-	-	-	2,810,875
(3)	-	-	(3,552)	(2,868,022)
132,766	21,076	4,184	(199,170)	(11,898,009)
-	-	-	-	5,668,076
-	-	-	162,706	14,748,929
-	-	-	162,706	20,417,005
-	-	-	-	(12,341,185)
-	-	-	-	(1,656,308)
-	-	-	-	18,683
-	-	-	-	1,799,495
-	-	-	-	(12,179,315)
1,283	-	-	-	97,879
1,283	-	-	-	97,879
134,049	21,076	4,184	(36,464)	(3,562,440)
360,347	26,736	64,581	36,464	62,298,691
$ 494,396	$ 47,812	$ 68,765	$ -	$ 58,736,251
$ 7,721	$ 2,544	$ 369	$ (139,432)	$ (10,233,524)
-	-	-	-	8,575,905
(6,276)	165	(821)	(124,974)	(7,157,958)
228	-	-	-	(4,336,945)
-	-	-	-	(144,104)
-	-	-	-	(2,440,946)
131,808	18,367	4,636	51,642	3,657,839
(715)	-	-	13,594	589,807
-	-	-	-	(524,031)
-	-	-	-	109,534
-	-	-	-	6,414
125,045	18,532	3,815	(59,738)	(1,664,485)
$ 132,766	$ 21,076	$ 4,184	$ (199,170)	$ (11,898,009)
-	-	-	-	659,214
-	-	-	-	(1,121,613)

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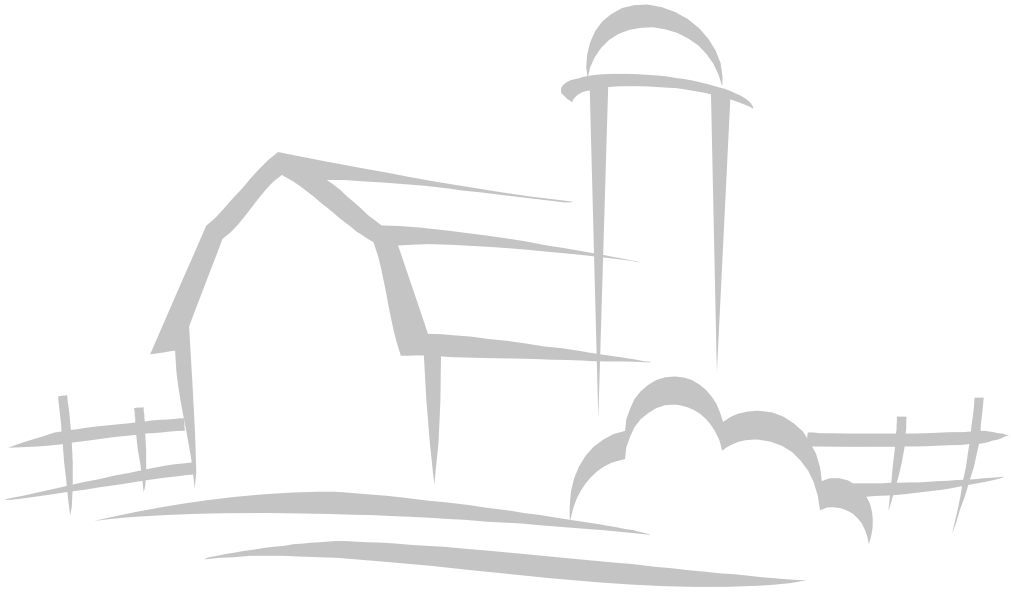

Vermont

Vermont State Retirement Fund – This is the public defined benefit pension plan provided by the State of Vermont for State employees.

State Teachers' Retirement Fund – This is the public defined benefit pension plan provided by the State of Vermont for State teachers.

Vermont Municipal Employees' Retirement Fund – This is the public pension plan administered by the State of Vermont for participating municipalities' employees.

Vermont State Defined Contribution Fund – This is a retirement plan for those exempt State employees that elected to participate in the defined contribution plan for the Vermont State Retirement System.

Single Deposit Investment Account Fund – This is a tax sheltered account funded through employee transfers from a non-contributing system years ago.

Vermont Municipal Employees' Defined Contribution Fund – This is a retirement plan for those participating municipalities' employees that elected to participate in the defined contribution plan for the Vermont Municipal Employees' Retirement Fund.

Vermont State Postemployment Benefits Trust Fund – This fund's purpose is to accumulate and provide reserves to support retiree postemployment benefits for members of the Vermont state employees' retirement system.

Vermont Municipal Employees' Health Benefit Fund – This is a fund established by the Vermont Municipal Employees' Retirement System's Board of Directors as a tax-advantaged savings plan that assists retirees in paying for healthcare costs after retirement.

STATE OF VERMONT
COMBINING STATEMENT OF PLAN NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
JUNE 30, 2013

	Defined Benefit Plans		
	Vermont State Retirement Fund	**State Teachers' Retirement Fund**	**Vermont Municipal Employees' Retirement Fund**
ASSETS			
Cash and short-term investments	$ 2,999,756	$ 2,263,586	$ 2,319,068
Investments at fair value			
Pooled investments	1,463,483,913	1,545,109,222	450,276,937
Fixed income	-	-	-
Equities	917	641,401	240,789
Mutual and commingled funds	-	-	-
Total investments	1,463,484,830	1,545,750,623	450,517,726
Receivables			
Contributions - current	4,354,781	3,563,940	2,908,204
Contributions - non-current	-	-	6,907,977
Interest and dividends	4	27,675	331,898
Due from other funds	59,270	525	49,212
Other	3,246	322,941	35,729
Total receivables	4,417,301	3,915,081	10,233,020
Prepaid expenses	-	2,048,261	15,573
Capital assets			
Construction in progress	1,407,147	1,634,136	482,429
Capital assets being depreciated			
Equipment	813,541	986,801	397,785
Less accumulated depreciation	(370,450)	(447,034)	(182,538)
Total capital assets, net of depreciation	1,850,238	2,173,903	697,676
Total assets	1,472,752,125	1,556,151,454	463,783,063
LIABILITIES			
Accounts payable	2,034,810	1,522,420	457,666
Retainage payable	224,143	273,261	111,329
Due to other funds	845	4,210	27,638
Total liabilities	2,259,798	1,799,891	596,633
NET POSITION HELD IN TRUST FOR EMPLOYEES' PENSION AND OTHER POSTEMPLOYMENT BENEFITS	$ 1,470,492,327	$ 1,554,351,563	$ 463,186,430

See Independent Auditors' Report.

Defined Contribution Plans			Other Postemployment Benefit Funds			
Vermont State Defined Contribution Fund	Single Deposit Investment Account Fund	Vermont Municipal Employees' Defined Contribution Fund	Vermont State Postemployment Benefits Trust Fund	Municipal Employees' Health Benefit Fund	Eliminations	Total
$ 109,259	$ 966,007	$ 70,150	$ 2,543,040	$ 305,906	$ -	$ 11,576,772
-	-	-	-	-	-	3,458,870,072
-	-	-	7,950,726	-	-	7,950,726
-	-	-	4,089,864	-	-	4,972,971
48,911,978	67,495,205	18,454,963	66,076	11,386,823	-	146,315,045
48,911,978	67,495,205	18,454,963	12,106,666	11,386,823	-	3,618,108,814
104,858	-	25,470	236,521	-	-	11,193,774
-	-	-	-	-	-	6,907,977
-	9	-	-	-	-	359,586
-	-	26,131	814,744	-	(135,138)	814,744
-	-	-	10,341	-	-	372,257
104,858	9	51,601	1,061,606	-	(135,138)	19,648,338
4,540	-	-	-	-	-	2,068,374
-	-	-	-	-	-	3,523,712
-	-	-	-	-	-	2,198,127
-	-	-	-	-	-	(1,000,022)
-	-	-	-	-	-	4,721,817
49,130,635	68,461,221	18,576,714	15,711,312	11,692,729	(135,138)	3,656,124,115
1,248	-	362	33,962	-	-	4,050,468
-	-	-	-	-	-	608,733
40,213	-	49,212	14,567	-	(135,138)	1,547
41,461	-	49,574	48,529	-	(135,138)	4,660,748
$ 49,089,174	$ 68,461,221	$ 18,527,140	$ 15,662,783	$ 11,692,729	$ -	$ 3,651,463,367

STATE OF VERMONT
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Defined Benefit Plans		
	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
ADDITIONS			
Contributions			
Employer - pension benefit	$ 51,370,307	$ 42,646,240	$ 12,014,186
Employer - healthcare benefit	-	21,000,000	-
Plan member	29,847,352	32,343,368	15,060,665
Transfers from other pension trust funds	638,736	292,953	170,381
Transfers from non-state systems	-	-	-
Medicare part D drug subsidy	-	1,440,080	-
Total contributions	81,856,395	97,722,641	27,245,232
Investment Income			
Net appreciation (depreciation) in fair value of investments	917	641,401	240,759
Income from pooled investments	116,648,144	126,091,715	35,917,836
Dividends	-	-	-
Interest	13,961	30,002	548,422
Other income	171,299	278,476	6,606
Total investment income	116,834,321	127,041,594	36,713,623
Less Investment Expenses			
Investment managers and consultants	6,118,624	6,638,563	1,875,116
Total investment expenses	6,118,624	6,638,563	1,875,116
Net investment income	110,715,697	120,403,031	34,838,507
Total additions	192,572,092	218,125,672	62,083,739
DEDUCTIONS			
Retirement benefits	96,241,493	129,416,052	16,101,187
Other postemployment benefits	-	22,459,218	-
Refund of contributions	2,515,758	1,604,284	1,587,311
Death claims	198,205	91,749	205,183
Transfers to other pension trust funds	239,162	141,986	794,251
Depreciation	86,292	105,064	41,924
Operating expenses	1,288,351	1,575,657	707,523
Total deductions	100,569,261	155,394,010	19,437,379
Change in net position	92,002,831	62,731,662	42,646,360
Net position held in trust for employees' pension and postemployment benefits			
July 1	1,378,489,496	1,491,619,901	420,540,070
June 30	$ 1,470,492,327	$ 1,554,351,563	$ 463,186,430

See Independent Auditors' Report.

Defined Contribution Plans			Other Postemployment Benefit Funds			
Vermont State Defined Contribution Fund	Single Deposit Investment Account Fund	Vermont Municipal Employees' Defined Contribution Fund	Vermont State Postemployment Benefits Trust Fund	Municipal Employees' Health Benefit Fund	Eliminations	Total
$ 1,857,713	$ -	$ 678,918	$ -	$ -	$ -	$ 108,567,364
-	-	-	25,557,683	-	-	46,557,683
723,894	-	627,840	-	-	-	78,603,119
47,198	-	26,131	-	-	(1,175,399)	-
16,742	-	6,971	-	-	-	23,713
-	-	-	-	-	-	1,440,080
2,645,547	-	1,339,860	25,557,683	-	(1,175,399)	235,191,959
3,932,390	7	1,509,883	268,113	1,151,791	-	7,745,261
-	-	-	-	-	-	278,657,695
1,650,014	1,940,606	621,463	126,477	-	-	4,338,560
374	99	288	272,606	885	-	866,637
1,995	-	-	-	-	-	458,376
5,584,773	1,940,712	2,131,634	667,196	1,152,676	-	292,066,529
-	226,654	-	53,906	62,027	-	14,974,890
-	226,654	-	53,906	62,027	-	14,974,890
5,584,773	1,714,058	2,131,634	613,290	1,090,649	-	277,091,639
8,230,320	1,714,058	3,471,494	26,170,973	1,090,649	(1,175,399)	512,283,598
4,240,996	7,327,731	1,399,052	-	-	-	254,726,511
-	-	-	23,887,003	184,249	-	46,530,470
-	-	-	-	-	-	5,707,353
-	-	-	-	-	-	495,137
-	-	-	-	-	(1,175,399)	-
-	-	-	-	-	-	233,280
40,647	-	86,275	71	-	-	3,698,524
4,281,643	7,327,731	1,485,327	23,887,074	184,249	(1,175,399)	311,391,275
3,948,677	(5,613,673)	1,986,167	2,283,899	906,400	-	200,892,323
45,140,497	74,074,894	16,540,973	13,378,884	10,786,329	-	3,450,571,044
$ 49,089,174	$ 68,461,221	$ 18,527,140	$ 15,662,783	$ 11,692,729	$ -	$ 3,651,463,367

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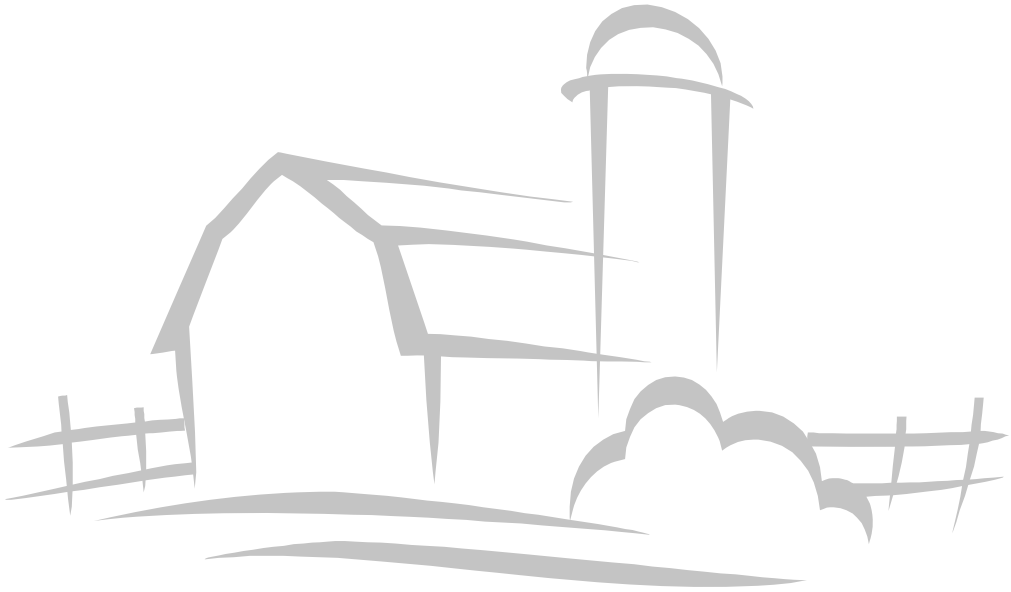

Vermont

Agency Funds' Descriptions

Retirement System Contributions and Withholdings Fund – This fund holds the employees' retirement contributions and withholdings until distribution to the appropriate pension fund.

Federal Income Tax Withholdings Fund – This fund holds employees' federal income tax withholdings until they are paid to the Federal Government.

State Income Tax Withholdings Fund – This fund holds employees' state income tax withholdings are held until they are paid to the State.

Social Security Tax Contributions and Withholdings Fund – This is the fund where employees' FICA withholdings are held until they are paid to the Federal Government.

Employees Credit Union Withholding Fund – This is the fund where employees voluntary withholdings to pay off Vermont State Employees' Credit Union (VSECU) loans or deposits to VSECU accounts (other than net pay) are held until paid to the VSECU.

Employees Insurance Contributions and Withholdings Fund – This is the fund where the State and the State's employees' share of the insurance premiums is held until distribution to the appropriate internal service fund.

Employees Deferred Income Withholdings Fund – This is the fund where the employees' voluntary deferred income withholdings are held until paid to the program administrator.

Other Employee Contributions and Withholdings Fund – This is the fund where other withholdings and contributions (charitable, savings bonds, flexible spending, etc) are held until paid to the appropriate depository.

Vendor and Other Deposits Fund – This is the fund where escrow amounts, advances, garnishments and other miscellaneous agency funds are reported.

Child Support Collections Fund – This is the fund where child support receipts are held until paid to the correct recipient.

STATE OF VERMONT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
RETIREMENT SYSTEM CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash	$ -	$ 104,544,626	$ 104,544,626	$ -
Accounts receivable	1,836	59,328	1,836	59,328
Total assets	$ 1,836	$ 104,603,954	$ 104,546,462	$ 59,328
LIABILITIES				
Due to depositories	$ -	$ 104,544,626	$ 104,544,626	$ -
Interfund payable	1,836	59,328	1,836	59,328
Total liabilities	$ 1,836	$ 104,603,954	$ 104,546,462	$ 59,328
FEDERAL INCOME TAX WITHHOLDING FUND				
ASSETS				
Cash	$ 1,073	$ 51,947,453	$ 51,948,387	$ 139
Total assets	$ 1,073	$ 51,947,453	$ 51,948,387	$ 139
LIABILITIES				
Due to depositories	$ 1,073	$ 51,947,453	$ 51,948,387	$ 139
Total liabilities	$ 1,073	$ 51,947,453	$ 51,948,387	$ 139
STATE INCOME TAX WITHHOLDING FUND				
ASSETS				
Cash	$ 297	$ 14,410,057	$ 14,410,354	$ -
Total assets	$ 297	$ 14,410,057	$ 14,410,354	$ -
LIABILITIES				
Due to depositories	$ 297	$ 14,410,057	$ 14,410,354	$ -
Total liabilities	$ 297	$ 14,410,057	$ 14,410,354	$ -
SOCIAL SECURITY TAX CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash	$ 282	$ 65,859,051	$ 65,858,806	$ 527
Total assets	$ 282	$ 65,859,051	$ 65,858,806	$ 527
LIABILITIES				
Due to depositories	$ 282	$ 65,859,051	$ 65,858,806	$ 527
Total liabilities	$ 282	$ 65,859,051	$ 65,858,806	$ 527
EMPLOYEES CREDIT UNION WITHHOLDING FUND				
ASSETS				
Cash	$ -	$ 11,151,700	$ 11,151,700	$ -
Total assets	$ -	$ 11,151,700	$ 11,151,700	$ -
LIABILITIES				
Due to depositories	$ -	$ 11,151,700	$ 11,151,700	$ -
Total liabilities	$ -	$ 11,151,700	$ 11,151,700	$ -
EMPLOYEES INSURANCE CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash	$ 187	$ 106,554,559	$ 106,554,560	$ 186
Accounts receivable	-	73	-	73
Total assets	$ 187	$ 106,554,632	$ 106,554,560	$ 259
LIABILITIES				
Due to depositories	$ 187	$ 106,554,559	$ 106,554,560	$ 186
Interfund payable	-	73	-	73
Total liabilities	$ 187	$ 106,554,632	$ 106,554,560	$ 259

See Independent Auditors' Report.

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
EMPLOYEES DEFERRED INCOME WITHHOLDINGS FUND				
ASSETS				
Cash	$ -	$ 14,428,481	$ 14,428,481	$ -
Total assets	$ -	$ 14,428,481	$ 14,428,481	$ -
LIABILITIES				
Due to depositories	$ -	$ 14,428,481	$ 14,428,481	$ -
Total liabilities	$ -	$ 14,428,481	$ 14,428,481	$ -
OTHER EMPLOYEE CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash	$ -	$ 8,484,008	$ 8,484,008	$ -
Accounts receivable	163,458	138,980	82,517	219,921
Total assets	$ 163,458	$ 8,622,988	$ 8,566,525	$ 219,921
LIABILITIES				
Due to depositories	$ -	$ 8,566,525	$ 8,566,525	$ -
Interfund payable	163,458	56,463	-	219,921
Total liabilities	$ 163,458	$ 8,622,988	$ 8,566,525	$ 219,921
VENDOR AND OTHER DEPOSITS FUND				
ASSETS				
Cash	$ 6,989,445	$ 45,029,344	$ 44,338,696	$ 7,680,093
Taxes receivable	1,779,747	1,184,894	1,779,747	1,184,894
Accounts receivable	1,551,992	1,328,316	1,945,681	934,627
Total assets	$ 10,321,184	$ 47,542,554	$ 48,064,124	$ 9,799,614
LIABILITIES				
Amounts held in custody for others	$ 1,834,735	$ 10,804,197	$ 10,309,789	$ 2,329,143
Intergovernmental payables	7,263,681	31,044,921	32,072,983	6,235,619
Other liabilities	1,138,308	4,668,552	4,592,832	1,214,028
Interfund payable	84,460	20,824	84,460	20,824
Total liabilities	$ 10,321,184	$ 46,538,494	$ 47,060,064	$ 9,799,614
CHILD SUPPORT COLLECTIONS FUND				
ASSETS				
Cash	$ 1,024,715	$ 53,049,320	$ 53,218,432	$ 855,603
Accounts receivable	36,153	2,963	36,153	2,963
Total assets	$ 1,060,868	$ 53,052,283	$ 53,254,585	$ 858,566
LIABILITIES				
Amounts held in custody for others	$ 1,060,868	$ 53,052,283	$ 53,254,585	$ 858,566
Total liabilities	$ 1,060,868	$ 53,052,283	$ 53,254,585	$ 858,566
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	$ 8,015,999	$ 475,458,599	$ 474,938,050	$ 8,536,548
Taxes receivable	1,779,747	1,184,894	1,779,747	1,184,894
Accounts receivable	1,753,439	1,529,660	2,066,187	1,216,912
Total assets	$ 11,549,185	$ 478,173,153	$ 478,783,984	$ 10,938,354
LIABILITIES				
Due to depositories	$ 1,839	$ 377,462,452	$ 377,463,439	$ 852
Amounts held in custody for others	2,895,603	63,856,480	63,564,374	3,187,709
Intergovernmental payables	7,263,681	31,044,921	32,072,983	6,235,619
Other liabilities	1,138,308	4,668,552	4,592,832	1,214,028
Interfund payable	249,754	136,688	86,296	300,146
Total liabilities	$ 11,549,185	$ 477,169,093	$ 477,779,924	$ 10,938,354

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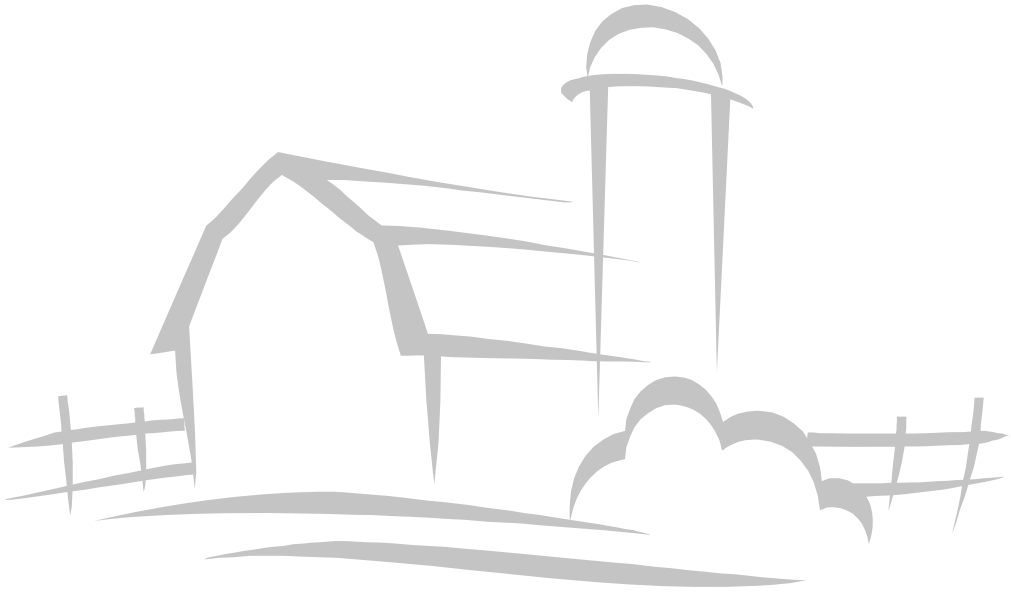

Vermont

Vermont Economic Development Authority – This is a tax-exempt entity whose purpose is to promote economic prosperity within the State of Vermont by providing capital and direct financing to eligible borrowers.

Vermont Housing & Conservation Board – This is a not for profit entity whose mission is to create affordable housing for Vermonters and to conserve and protect agricultural, historic, natural and recreational sites within Vermont.

Vermont Sustainable Jobs Fund – This is a not for profit entity set up to implement a jobs program.

Vermont Municipal Bond Bank – The Bond Bank's purpose is to create large bond issues on behalf of the States' municipalities and loan the proceeds back to the participating municipalities.

Vermont Educational and Health Buildings Financing Agency – This purpose of this agency is to provide tax -exempt financing to libraries, educational and healthcare providers to assist in the purchase and construction of real and personal property.

Vermont Center for Geographic Information, Inc. – This not for profit organization was created to implement and maintain a geographic information system.

Vermont Veterans' Home – The Vet's home provides care to those that have given to their country and the State of Vermont.

Vermont Rehabilitation Corporation – This not for profit organization's purpose is to provide funding to farmers to reduce their investment costs in an effort to help them be successful.

Vermont Telecommunications Authority – This tax-exempt entity was created for the purposes of ensuring that all regions of the State have access to affordable broadband and mobile telecommunications services and promoting and facilitating ongoing upgrades in statewide telecommunications infrastructure in the most efficient and economically feasible manner.

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS
JUNE 30, 2013

	Vermont Economic Development Authority 6/30/2013	Vermont Housing & Conservation Board 6/30/2013	Vermont Sustainable Jobs Fund 6/30/2013	Vermont Municipal Bond Bank 12/31/2012	Vermont Educational and Health Buildings Financing Agency 12/31/2012
ASSETS					
Current Assets					
Cash and cash equivalents	$ 3,003,122	$ 9,275,919	$ 403,883	$ 4,787,559	$ 120,867
Investments	2,081,311	-	-	10,723,550	1,210,209
Accounts receivable, net	-	-	-	29,248	-
Accrued interest receivable - loans	291,189	20,136,745	-	2,021,155	-
Loans and notes receivable - current portion	16,959,977	649,852	-	46,124,347	-
Other receivables	-	83,268	841,535	-	-
Due from federal government	-	14,428,781	-	-	-
Due from primary government	-	-	-	-	-
Inventories, at cost	-	-	-	-	-
Other current assets	718,722	8,488,574	27,347	-	-
Total current assets	23,054,321	53,063,139	1,272,765	63,685,859	1,331,076
Restricted and Noncurrent Assets					
Cash	1,160,411	-	-	1,036,748	-
Investments	24,585,758	-	483,799	51,700,647	-
Loans and notes receivable, net	154,325,995	152,960,976	-	485,108,409	-
Other assets	-	-	-	5,900,752	-
Total restricted and noncurrent assets	180,072,164	152,960,976	483,799	543,746,556	-
Capital Assets					
Land	500,000	-	-	-	-
Construction in progress	-	-	-	-	-
Capital assets being depreciated					
Buildings and leasehold improvements	5,364,695	225,145	-	-	-
Equipment, furniture and fixtures	1,024,258	35,176	38,233	-	-
Less accumulated depreciation	(1,409,320)	(105,787)	(12,865)	-	-
Total capital assets, net of depreciation	5,479,633	154,534	25,368	-	-
Total assets	208,606,118	206,178,649	1,781,932	607,432,415	1,331,076
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	791,846	219,589	721,177	173,399	29,348
Accrued interest payable	100,380	-	-	-	-
Bond interest payable	-	-	-	1,984,570	-
Unearned revenue	276,874	30,280	454,620	-	-
Other current liabilities	-	19,738,763	-	-	-
Current portion of long-term liabilities	149,154,729	-	-	46,625,152	-
Due to primary government	56,466	2,607,409	-	-	-
Escrowed cash deposits	125,149	-	-	-	-
Advances from primary government	1,310,298	-	-	-	-
Total current liabilities	151,815,742	22,596,041	1,175,797	48,783,121	29,348
Noncurrent Liabilities					
Bonds and notes payable	8,220,262	271,695	-	519,830,957	-
Accrued arbitrge rebate	-	-	-	670,401	-
Other noncurrent liabilities	-	-	-	-	-
Total noncurrent liabilities	8,220,262	271,695	-	520,501,358	-
Total liabilities	160,036,004	22,867,736	1,175,797	569,284,479	29,348
NET POSITION					
Net investment in capital assets	2,609,720	154,534	25,368	-	-
Restricted	26,756,497	182,875,358	-	26,399,050	-
Unrestricted	19,203,897	281,021	580,767	11,748,886	1,301,728
Total net position	$ 48,570,114	$ 183,310,913	$ 606,135	$ 38,147,936	$ 1,301,728

See Independent Auditors' Report.

Vermont Center For Geographic Information, Inc. 6/30/2013	Vermont Veterans' Home 6/30/2013	Vermont Rehabilitation Corporation 6/30/2013	Vermont Telecommunications Authority 6/30/2013	Total Non-major Component Units
$ 222,522	$ (1,434,501)	$ 100,031	$ 6,542,070	$ 23,021,472
175,000	-	-	-	14,190,070
45,064	2,225,130	-	-	2,299,442
-	-	16,067	-	22,465,156
-	-	-	-	63,734,176
-	-	-	5,447	930,250
-	-	-	1,953,694	16,382,475
-	-	-	-	-
-	115,768	-	-	115,768
10,088	-	-	45,510	9,290,241
452,674	906,397	116,098	8,546,721	152,429,050
-	-	-	-	2,197,159
-	-	-	-	76,770,204
-	-	120,000	-	792,515,380
-	6,217	-	-	5,906,969
-	6,217	120,000	-	877,389,712
-	349,486	-	-	849,486
-	130,820	-	1,652,688	1,783,508
-	25,637,099	-	-	31,226,939
84,256	3,469,220	-	296,435	4,947,578
(50,567)	(16,253,682)	-	(38,676)	(17,870,897)
33,689	13,332,943	-	1,910,447	20,936,614
486,363	14,245,557	236,098	10,457,168	1,050,755,376
135,022	1,456,579	-	2,276,767	5,803,727
-	-	-	-	100,380
-	-	-	-	1,984,570
78,684	1,116,889	-	-	1,957,347
-	101,660	-	-	19,840,423
-	-	-	-	195,779,881
-	-	-	-	2,663,875
-	-	-	-	125,149
-	-	-	-	1,310,298
213,706	2,675,128	-	2,276,767	229,565,650
-	-	-	-	528,322,914
-	-	-	-	670,401
-	5,764	-	-	5,764
-	5,764	-	-	528,999,079
213,706	2,680,892	-	2,276,767	758,564,729
33,689	13,332,943	-	1,910,447	18,066,701
-	-	-	6,061,293	242,092,198
238,968	(1,768,278)	236,098	208,661	32,031,748
$ 272,657	$ 11,564,665	$ 236,098	$ 8,180,401	$ 292,190,647

STATE OF VERMONT
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2013

	Vermont Economic Development Authority 6/30/2013	Vermont Housing & Conservation Board 6/30/2013	Vermont Sustainable Jobs Fund 6/30/2013	Vermont Municipal Bond Bank 12/31/2012	Vermont Educational and Health Buildings Financing Agency 12/31/2012
Expenses					
Salaries and benefits	$ 3,141,581	$ 2,221,177	$ 628,405	$ 103,921	$ 48,731
Other expenses	2,255,414	16,955,766	1,936,466	23,118,182	205,167
Depreciation	255,134	15,009	-	-	-
Interest on debt	1,912,521	-	-	-	-
Total expenses	7,564,650	19,191,952	2,564,871	23,222,103	253,898
Program Revenues					
Charges for services	6,540,939	2,137,638	113,167	21,597,588	283,023
Operating grants and contributions	3,311,700	13,045,840	2,541,971	-	-
Capital grants and contributions	-	-	-	-	-
Total program revenues	9,852,639	15,183,478	2,655,138	21,597,588	283,023
Net revenue (expense)	2,287,989	(4,008,474)	90,267	(1,624,515)	29,125
General revenues					
Property transfer tax	-	13,688,640	-	-	-
Investment income	1,346,645	15,507	-	4,289,095	110,831
Miscellaneous	-	35,957	-	-	5,300
Total general revenues	1,346,645	13,740,104	-	4,289,095	116,131
Changes in net position	3,634,634	9,731,630	90,267	2,664,580	145,256
Net position (deficit) - beginning, as restated	44,935,480	173,579,283	515,868	35,483,356	1,156,472
Net position - ending	$ 48,570,114	$ 183,310,913	$ 606,135	$ 38,147,936	$ 1,301,728

See Independent Auditor's Report

Vermont Center For Geographic Information, Inc. 6/30/2013	Vermont Veterans' Home 6/30/2013	Vermont Rehabilitation Corporation 6/30/2013	Vermont Telecommunications Authority 6/30/2013	Total Non-major Component Units
$ 536,628	$ 12,856,589	$ -	$ 890,315	$ 20,427,347
508,889	6,123,074	-	15,332,981	66,435,939
16,308	1,131,945	-	22,507	1,440,903
-	-	-	-	1,912,521
1,061,825	20,111,608	-	16,245,803	90,216,710
732,331	14,126,490	-	-	45,531,176
378,700	1,609,258	-	19,045,773	39,933,242
-	-	-	-	-
1,111,031	15,735,748	-	19,045,773	85,464,418
49,206	(4,375,860)	-	2,799,970	(4,752,292)
-	-	-	-	13,688,640
-	30	8,142	8,786	5,779,036
-	(375,886)	-	-	(334,629)
-	(375,856)	8,142	8,786	19,133,047
49,206	(4,751,716)	8,142	2,808,756	14,380,755
223,451	16,316,381	227,956	5,371,645	277,809,892
$ 272,657	$ 11,564,665	$ 236,098	$ 8,180,401	$ 292,190,647

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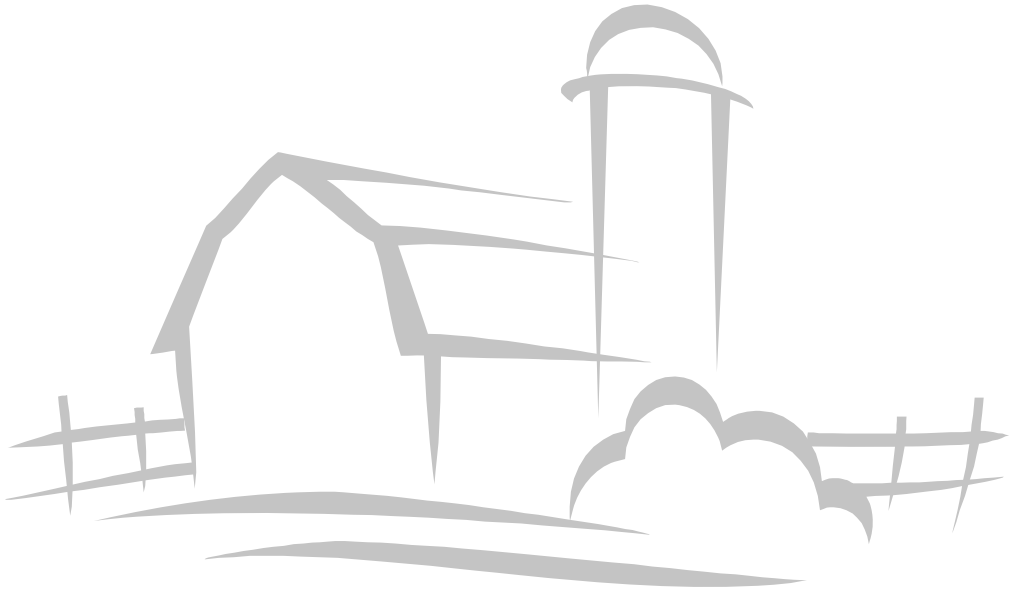

Vermont

STATISTICAL SECTION CONTENTS
JUNE 30, 2013

The Statistical Section of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the State of Vermont's overall financial health. Below is a summary of the components and purpose of the tables provided in this section.

Financial Trends – Tables 1 through 4
These schedules contain trend information extracted from the State's financial statements, to help the reader understand how the State's financial performance and financial position have changed over time.

Revenue Capacity – Tables 5 through 7
These schedules contain information to help the reader assess the State's most significant revenue source – the personal income tax.

Debt Capacity – Tables 8 and 9
These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt, the State's ability to issue additional debt in the future, and related historical trend data.

Demographic and Economic Information – Tables 10 and 11
These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Indicators – Tables 12 through 14
These schedules contain service levels and capital asset data to help the reader understand how the information in the State's financial report relates to the services the State provides to its citizens and visitors.

This information is unaudited.

STATE OF VERMONT
Statistical Section - Table 1
Financial Trends
Net Position by Component, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	2013	2012	2011	2010
Primary Government				
Governmental Activities				
Net investment in capital assets	$ 1,781,928	$ 1,727,652	$ 1,607,970	$ 1,456,846
Restricted	605,531	499,377	491,166	117,250
Unrestricted	(758,397)	(582,203)	(505,129)	(254,502)
Total governmental activities net position	1,629,062	1,644,826	1,594,007	1,319,594
Business-type Activities				
Net investment in capital assets	682	745	857	944
Restricted	86,006	26,216	-	963
Unrestricted	6,811	5,244	(6,476)	3,057
Total business-type activities net position	93,499	32,205	(5,619)	4,964
Primary Government Totals				
Net investment in capital assets	1,782,610	1,728,397	1,608,827	1,457,790
Restricted	691,537	525,593	491,166	118,213
Unrestricted	(751,586)	(576,959)	(511,605)	(251,445)
Total primary government net position	$ 1,722,561	$ 1,677,031	$ 1,588,388	$ 1,324,558
Discretely Presented Component Units				
Net investment in capital assets	$ 172,470	$ 142,584	$ 145,157	$ 139,623
Restricted	751,082	803,221	807,031	728,751
Unrestricted	180,383	126,560	141,397	130,072
Total discretely presented component units net position	$ 1,103,935	$ 1,072,365	$ 1,093,585	$ 998,446

See Independent Auditor's Report

2009	2008	2007	2006	2005	2004
$ 1,318,708	$ 1,245,908	$ 1,161,200	$ 1,080,092	$ 1,055,464	$ 1,001,389
121,701	117,117	143,355	167,490	111,943	121,352
(280,552)	(112,440)	(27,414)	(85,684)	(69,649)	(67,099)
1,159,857	1,250,585	1,277,141	1,161,898	1,097,758	1,055,642
937	584	412	372	484	465
78,452	169,206	194,832	209,321	227,856	238,548
3,656	3,328	3,743	4,015	3,846	3,530
83,045	173,118	198,987	213,708	232,186	242,543
1,319,645	1,246,492	1,161,612	1,080,464	1,055,948	1,001,854
200,153	286,323	338,187	376,811	339,799	359,900
(276,896)	(109,112)	(23,671)	(81,669)	(65,803)	(63,569)
$ 1,242,902	$ 1,423,703	$ 1,476,128	$ 1,375,606	$ 1,329,944	$ 1,298,185
$ 190,955	$ 171,918	$ 165,901	$ 165,431	$ 171,459	$ 151,213
610,237	605,214	606,080	516,629	470,245	446,998
116,630	180,870	231,293	239,323	215,839	205,625
$ 917,822	$ 958,002	$ 1,003,274	$ 921,383	$ 857,543	$ 803,836

STATE OF VERMONT
Statistical Section - Table 2
Financial Trends
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	2013	2012	2011	2010
Governmental activities				
Expenses				
General government	$ 176,506	$ 185,484	$ 161,192	$ 169,294
Protection to persons and property	348,122	328,292	325,959	266,916
Human services	2,210,850	2,013,616	1,969,294	1,861,517
Labor	34,795	30,004	32,194	35,774
General education	1,735,794	1,680,443	1,670,517	1,688,315
Natural resources	94,616	91,452	106,875	73,004
Commerce and community development	33,763	38,782	48,206	71,762
Transportation	479,411	542,055	390,837	324,660
Public service enterprises	-	-	-	2,732
Interest on long-term debt	20,948	19,776	20,888	18,599
Total expenses	5,134,805	4,929,904	4,725,962	4,512,573
Program revenues				
Charges for services				
General government	31,204	50,734	22,092	22,037
Protection to persons and property	163,635	144,071	150,756	137,883
Human services	64,336	34,765	22,759	20,498
Natural resources	30,662	26,915	24,974	23,934
Transportation	123,249	121,345	119,422	108,229
Other	19,180	17,048	16,956	15,330
Operating grants and contributions	1,739,160	1,590,271	1,703,947	1,669,593
Capital grants and contributions	152,851	306,956	314,577	232,155
Total program revenues	2,324,277	2,292,105	2,375,483	2,229,659
Total governmental activities net program expense	(2,810,528)	(2,637,799)	(2,350,479)	(2,282,914)
General revenues and other changes in net position				
Taxes				
Personal and corporate income	760,334	696,664	677,862	563,170
Sales and use	348,137	347,283	323,353	316,755
Meals and rooms	136,623	128,592	122,558	118,926
Purchase and use	83,618	81,909	76,994	69,828
Motor fuel	61,375	61,791	63,712	64,061
Statewide property	932,973	913,639	917,936	909,758
Other taxes	411,663	397,012	379,269	333,770
Unrestricted investment earnings	1,240	998	2,966	3,448
Tobacco litigation settlement	34,514	34,519	33,864	36,216
Miscellaneous	4,700	3,254	4,159	3,364
Transfers	23,953	22,958	22,026	23,355
Total general revenues and other changes in net position	2,799,130	2,688,619	2,624,699	2,442,651
Total governmental activities change in net positon	$ (11,398)	$ 50,820	$ 274,220	$ 159,737

See Independent Auditor's Report

2009	2008	2007	2006	2005	2004
$ 116,802	$ 101,536	$ 114,688	$ 110,055	$ 130,521	$ 98,474
280,434	259,691	255,621	233,163	213,426	196,014
1,750,911	1,652,680	1,518,969	1,445,868	1,392,266	1,299,866
29,071	28,020	24,740	21,154	20,583	26,290
1,657,335	1,614,447	1,622,441	1,555,674	1,446,411	1,149,533
98,136	95,657	85,901	82,814	78,422	72,892
33,310	36,954	31,947	32,252	35,651	29,863
308,457	310,702	307,899	301,626	269,066	251,789
3,894	4,503	1,890	1,994	1,650	1,898
18,714	19,361	20,072	21,047	19,307	22,591
4,297,064	4,123,551	3,984,168	3,805,647	3,607,303	3,149,210
23,076	20,973	52,384	46,749	59,498	44,679
151,730	112,100	115,546	97,700	78,017	81,276
22,311	15,683	14,807	33,475	20,717	22,778
23,749	25,514	23,078	23,868	24,438	20,829
81,435	86,370	86,295	74,646	69,299	68,374
15,838	12,857	7,511	4,789	4,355	7,762
1,315,550	1,182,605	1,083,832	1,072,042	1,032,577	1,096,789
165,844	151,735	167,181	128,658	130,646	113,007
1,799,533	1,607,837	1,550,634	1,481,927	1,419,547	1,455,494
(2,497,531)	(2,515,714)	(2,433,534)	(2,323,720)	(2,187,756)	(1,693,716)
572,032	698,305	679,886	612,566	568,059	496,302
317,599	336,164	332,314	327,075	312,395	264,337
117,842	119,758	116,888	111,570	111,980	109,915
65,862	79,084	80,591	80,987	84,047	86,363
64,303	65,080	65,427	67,580	67,335	68,654
876,408	798,905	878,714	813,588	732,330	487,535
326,519	317,438	331,017	317,187	294,257	329,544
2,636	8,732	11,286	7,426	6,664	3,130
42,879	38,236	24,986	24,057	26,206	25,820
2,178	3,555	3,432	2,277	5,875	7,195
21,945	23,900	24,236	23,548	20,723	19,957
2,410,203	2,489,157	2,548,777	2,387,861	2,229,871	1,898,752
$ (87,328)	$ (26,557)	$ 115,243	$ 64,141	$ 42,115	$ 205,036

continued on next page

STATE OF VERMONT
Statistical Section - Table 2
Financial Trends
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	2013	2012	2011	2010
Business-type activities				
Expenses				
Vermont Lottery Commission	$ 79,210	$ 78,556	$ 74,147	$ 75,940
Liquor Control	52,151	50,519	47,928	47,059
Unemployment Compensation	109,211	139,340	190,679	293,674
Other	6,218	5,394	4,761	1,943
Total expenses	246,790	273,809	317,515	418,616
Program revenues				
Charges for services				
Vermont Lottery Commission	102,089	100,931	95,543	97,485
Liquor Control	54,781	51,700	50,249	47,986
Unemployment Compensation	148,866	138,550	116,323	215,334
Other	6,065	5,011	4,423	1,738
Operating grants and contributions	19,705	38,239	62,445	-
Total program revenues	331,506	334,431	328,983	362,543
Total busines-type activities net program expense	84,716	60,622	11,468	(56,073)
General revenues and other changes in net position				
Unrestricted investment earnings	514	160	(23)	1,417
Miscellaneous	18	-	12	-
Capital asset transfers	-	-	-	-
Transfers	(23,953)	(22,958)	(22,026)	(23,355)
Total general revenues and other changes in net position	(23,421)	(22,798)	(22,037)	(21,938)
Total business-type activities change in net position	$ 61,295	$ 37,824	$ (10,569)	$ (78,011)
Total primary government change in net position	$ 49,897	$ 88,644	$ 263,651	$ 81,726
Component units				
Expenses				
Vermont Student Assistance Corporation	$ 105,927	$ 101,216	$ 111,490	$ 123,148
University of Vermont and State Agricultural College	642,630	614,136	609,156	581,900
Vermont State Colleges	200,920	191,327	184,785	179,282
Vermont Housing Finance Agency	38,291	37,065	40,224	43,487
Other	90,217	88,973	69,851	64,479
Total expenses	1,077,985	1,032,717	1,015,506	992,296
Program revenues				
Charges for services				
Vermont Student Assistance Corporation	58,349	59,239	63,072	63,758
University of Vermont and State Agricultural College	368,358	359,596	344,995	331,072
Vermont State Colleges	119,811	117,848	113,624	111,308
Vermont Housing Finance Agency	792	704	1,153	1,121
Other	45,531	47,463	47,990	46,144
Operating grants and contributions	385,610	361,803	379,585	372,492
Capital grants and contributions	18,609	9,836	17,535	59,243
Total program revenues	997,060	956,489	967,954	985,138
Total component units net program expense	(80,925)	(76,228)	(47,552)	(7,158)
General revenues and other changes in net position				
Taxes	13,689	8,047	6,102	6,101
Unrestricted investment earnings	86,835	44,142	117,674	49,250
Other	20,535	10,589	18,916	32,381
Total general revenues and other changes in net position	121,059	62,778	142,692	87,732
Total component units changes in net position	$ 40,134	$ (13,450)	$ 95,140	$ 80,574

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2009	2008	2007	2006	2005	2004
$ 74,895	$ 79,596	$ 81,225	$ 82,263	$ 71,720	$ 72,320
46,377	45,312	43,187	40,512	38,155	36,236
214,561	98,955	94,396	85,483	79,968	99,550
2,471	3,140	2,937	2,948	3,873	2,727
338,304	227,003	221,745	211,206	193,716	210,833
95,983	102,001	104,551	104,879	92,600	92,389
47,789	45,927	43,994	41,480	39,209	36,666
117,920	65,327	70,821	57,428	57,250	58,541
2,341	3,027	2,599	2,649	2,919	2,604
-	-	-	-	-	-
264,033	216,282	221,965	206,436	191,978	190,200
(74,271)	(10,721)	220	(4,770)	(1,738)	(20,633)
6,035	8,740	9,286	9,832	12,389	14,502
9	11	9	8	(275)	16
-	-	-	-	(40)	-
(21,945)	(23,900)	(24,236)	(23,548)	(20,723)	(19,958)
(15,901)	(15,149)	(14,941)	(13,708)	(8,649)	(5,440)
$ (90,172)	$ (25,870)	$ (14,721)	$ (18,478)	$ (10,387)	$ (26,073)
$ (177,500)	$ (52,427)	$ 100,522	$ 45,663	$ 31,728	$ 178,963
$ 153,088	$ 199,476	$ 176,918	$ 154,884	$ 130,083	$ 94,333
577,357	559,961	505,403	453,127	423,317	406,661
165,975	154,615	141,662	135,103	125,540	118,800
51,877	NA	NA	NA	NA	NA
74,103	65,527	70,646	61,848	58,683	61,499
1,022,400	979,579	894,629	804,962	737,623	681,293
82,628	106,106	106,540	84,537	65,044	59,562
314,917	290,105	262,342	241,837	215,925	201,196
105,179	95,772	91,035	83,361	76,557	69,422
728	NA	NA	NA	NA	NA
44,077	45,211	44,386	41,441	41,326	37,405
337,110	344,598	343,609	335,395	317,304	302,914
11,847	14,506	19,094	10,651	16,618	9,857
896,486	896,298	867,006	797,222	732,774	680,356
(125,914)	(83,281)	(27,623)	(7,740)	(4,849)	(937)
12,464	15,483	13,764	15,671	12,604	12,604
(13,250)	19,393	93,754	55,018	45,837	53,154
2,263	2,048	1,504	891	65	205
1,477	36,924	109,022	71,580	58,506	65,963
$ (124,437)	$ (46,357)	$ 81,399	$ 63,840	$ 53,657	$ 65,026

STATE OF VERMONT
Statistical Section - Table 3
Financial Trends
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

	2013	2012	2011	2010
General Fund (GASB 54)				
Nonspendable	$ 1,739	$ 2,059	$ 2,204	$ -
Restricted	-	-	-	-
Committed	-	18,502	60,165	-
Assigned	5,274	6,834	5,364	-
Unassigned	152,171	150,986	146,642	-
General Fund (before GASB 54)				
Reserved	-	-	-	67,159
Unreserved	-	-	-	72,503
Total General Fund	$ 159,184	$ 178,381	$ 214,375	$ 139,662
All Other Governmental Funds (GASB 54)				
Nonspendable	$ 7,416	$ 7,416	$ 7,416	$ -
Restricted	579,996	482,743	468,530	-
Committed	194,159	200,626	179,819	-
Assigned	-	-	323	-
Unassigned	(6,458)	(2,065)	(1,331)	-
All Other Governmental Funds (before GASB 54)				
Reserved	-	-	-	78,692
Unreserved, reported in				
Special revenue funds	-	-	-	215,804
Capital projects funds	-	-	-	21,850
Permanent funds	-	-	-	12,389
Total All Other Governmental Funds	$ 775,113	$ 688,720	$ 654,757	$ 328,735

In 2011 the State implemented GASB Statement No. 54. Under GASB Statement No. 54, fund balances are classified as Nonspendable, Reserved, Committed, Assigned or Unassigned. Prior to GASB 54, fund balances were classified as Reserved or Unreserved. Amounts for fiscal years 2010 and earlier have not been restated to reclassify these balances.

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2009	2008	2007	2006	2005	2004
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
103,187	101,265	94,973	93,133	95,058	92,751
46,713	54,458	68,057	68,317	68,610	61,975
$ 149,900	$ 155,723	$ 163,030	$ 161,450	$ 163,668	$ 154,726
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
71,115	75,076	70,650	79,808	63,821	61,818
98,211	145,881	160,166	156,102	127,909	143,967
24,758	32,616	26,294	22,097	20,817	36,363
11,900	11,269	11,547	9,637	4,414	1,791
$ 205,984	$ 264,842	$ 268,657	$ 267,644	$ 216,961	$ 243,939

STATE OF VERMONT
Statistical Section - Table 4
Financial Trends
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

	2013	2012	2011	2010
Revenues				
Taxes	$ 2,734,774	$ 2,604,185	$ 2,539,488	$ 2,370,547
Fees	131,497	116,636	105,503	85,052
Sales of services, rents and leases	25,011	21,009	18,218	21,002
Federal grants	1,865,540	1,887,156	2,008,105	1,926,853
Fines, forfeits and penalties	31,393	22,302	17,729	21,446
Investment income	3,794	2,993	6,337	5,553
Licenses	110,313	105,104	103,479	102,449
Special assessments	55,486	69,750	60,474	65,675
Other revenues	131,060	100,452	90,179	79,185
Total revenues	5,088,868	4,929,587	4,949,512	4,677,762
Expenditures				
General government	139,725	153,865	140,016	139,166
Protection to persons and property	321,811	318,406	302,765	265,368
Human services	2,211,947	2,008,480	1,956,180	1,857,822
Labor	34,000	17,728	19,551	19,781
General education	1,678,815	1,629,885	1,618,734	1,623,796
Natural resources	87,579	89,833	100,830	95,142
Commerce and community development	30,936	37,771	35,435	70,515
Transportation	507,219	633,113	536,660	448,047
Public service enterprises	-	-	-	2,732
Capital outlay	73,416	55,652	78,421	73,584
Debt service				
Interest	19,842	22,293	23,754	22,727
Principal	52,120	50,098	48,158	48,015
Total expenditures	5,157,410	5,017,124	4,860,504	4,666,695
Excess of revenues over (under) expenditures	(68,542)	(87,537)	89,008	11,067
Other financing sources (uses)				
Proceeds from the sale of bonds	104,005	63,000	89,400	72,000
Proceeds from the sale of refunding bonds	-	69,060	-	42,310
Premium on the sale of bonds	9,923	12,721	1,602	1,457
Payment to bond escrow agent	-	(79,022)	-	(42,230)
Transfers in	985,963	929,060	783,696	1,332,246
Transfers out	(963,675)	(909,314)	(758,137)	(1,304,333)
Total other financing sources (uses)	136,216	85,505	116,561	101,450
Net change in fund balances	$ 67,674	$ (2,032)	$ 205,569	$ 112,517
Debt service as a percentage of noncapital expenditures	1.46%	1.51%	1.57%	1.59%

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2009	2008	2007	2006	2005	2004
$ 2,372,150	$ 2,409,101	$ 2,460,571	$ 2,337,341	$ 2,160,131	$ 1,831,302
82,561	61,444	70,221	52,813	58,291	46,613
23,723	17,697	13,724	13,455	13,251	14,212
1,426,347	1,317,932	1,243,958	1,195,619	1,149,687	1,195,394
27,089	21,972	19,315	19,172	19,383	22,136
4,056	11,994	17,317	11,469	7,906	4,580
94,517	96,079	92,593	82,772	79,897	78,414
59,196	44,802	29,062	27,320	25,154	25,866
86,115	80,021	71,338	58,328	69,137	77,711
4,175,754	4,061,042	4,018,099	3,798,289	3,582,837	3,296,228
96,344	85,545	66,605	63,455	69,638	59,421
265,402	250,028	247,732	227,085	222,239	200,556
1,717,878	1,637,940	1,521,057	1,433,190	1,397,574	1,298,524
13,565	27,056	24,488	21,090	20,946	26,193
1,583,191	1,533,340	1,609,653	1,513,712	1,414,259	1,119,928
111,567	97,321	97,456	93,673	82,298	76,195
19,941	35,465	30,608	30,843	35,026	28,628
379,344	369,815	379,347	321,421	310,061	289,728
3,893	4,502	1,890	1,994	1,650	1,898
56,289	37,208	37,035	43,063	52,774	41,196
23,369	22,083	23,033	21,959	22,005	27,213
48,090	46,615	46,097	45,272	45,348	43,621
4,318,873	4,146,918	4,085,001	3,816,757	3,673,818	3,213,101
(143,119)	(85,876)	(66,902)	(18,468)	(90,981)	83,127
50,500	46,000	44,500	45,000	41,000	42,200
-	29,195	-	-	23,267	146,554
1,850	798	305	744	93	1,839
-	(29,375)	-	-	(22,432)	(146,072)
1,328,985	1,212,740	1,092,593	1,155,078	478,210	438,310
(1,302,897)	(1,184,603)	(1,067,903)	(1,133,889)	(447,193)	(418,645)
78,438	74,755	69,495	66,933	72,945	64,186
$ (64,681)	$ (11,121)	$ 2,593	$ 48,465	$ (18,036)	$ 147,313
1.72%	1.72%	1.77%	1.83%	1.91%	2.31%

STATE OF VERMONT
Statistical Section - Table 5
Revenue Capacity
Personal Income and Earnings by Major Industry
Last Ten Fiscal Years
(expressed in thousands)

	2013 [1]	2012	2011	2010
Total personal income	$ 27,230,000	$ 26,914,633	$ 26,041,860	$ 24,870,824
Earnings	*18,601,000*	*18,228,937*	*17,774,547*	*17,179,187*
Farm earnings	230,000	205,507	227,953	164,785
Non-farm earnings	18,371,000	18,023,430	17,546,594	17,014,402
Private earnings	*14,898,000*	*14,636,222*	*14,198,187*	*13,709,753*
Forestry, fishing and related activities	90,000	92,445	86,785	83,094
Mining	42,000	43,235	42,554	42,127
Utilities	293,000	294,758	259,827	257,515
Construction	1,278,000	1,286,895	1,235,892	1,198,678
Manufacturing	*2,372,000*	*2,251,220*	*2,141,585*	*2,090,254*
Durable goods	1,760,000	1,653,429	1,609,474	1,581,717
Nondurable goods	612,000	597,791	532,111	508,537
Wholesale trade	649,000	686,966	671,765	637,967
Retail trade	1,447,000	1,456,891	1,429,967	1,374,312
Transportation and warehousing	400,000	391,133	398,477	380,521
Information	319,000	304,497	323,039	318,269
Finance and insurance	732,000	755,746	787,396	770,300
Real estate, rental and leasing	247,000	240,790	253,905	250,409
Professional and technical services	1,433,000	1,439,122	1,370,831	1,333,919
Management of companies and enterprises	196,000	174,393	133,992	84,816
Administrative and waste services	511,000	470,701	429,110	386,413
Education services	565,000	550,966	541,723	524,080
Healthcare and social assistance	2,707,000	2,600,215	2,545,245	2,499,024
Arts, entertainment and recreation	146,000	155,294	146,302	140,929
Accomodations and food services	779,000	766,361	741,555	702,338
Other services, except public administration	692,000	674,594	658,237	634,788
Government and government enterprises	*3,476,000*	*3,387,208*	*3,348,407*	*3,304,649*
Federal, civilian	689,000	679,149	656,462	639,093
Military	193,000	195,077	201,609	211,627
State and local	*2,594,000*	*2,512,982*	*2,490,336*	*2,453,929*
State	(NA)	(NA)	1,028,124	1,014,080
Local	(NA)	(NA)	1,462,212	1,439,849
Other personal income [2]	8,629,000	8,685,696	8,267,313	7,691,637
Averge effective tax rate [3]	(NA)	2.25%	2.20%	2.11%

(1) Data for 2013 are projected annual estimates based on information through 2013 second quarter. The estimates for 2011 and forward are based on the 2012 North American Industry Classification Systemt ("NAICS"). Prior years are based on the 2002 NAICS.
(2) Includes non-earned income, such as interest and dividends, rental income, and government transfers to individuals.
(3) Total direct tax rate is not available. Average effective tax rate equals personal income tax collections (see Statistical Section Table 6) divided by total personal income. Source of collections data: Vermont Department of Taxes

Source: U.S. Department of Commerce, Bureau of Economic Analysis

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2009	2008	2007	2006	2005	2004
$ 24,074,284	$ 24,612,413	$ 23,580,349	$ 22,341,107	$ 20,696,717	$ 20,234,033
16,597,550	*16,925,350*	*16,635,681*	*16,209,792*	*15,604,465*	*15,058,428*
112,904	179,609	219,773	118,967	200,205	190,269
16,484,646	16,745,741	16,415,908	16,090,825	15,404,260	14,868,159
13,260,534	*13,629,921*	*13,470,864*	*13,238,000*	*12,665,189*	*12,276,011*
64,324	65,139	65,336	68,742	65,246	65,014
45,646	52,542	58,173	58,027	39,253	41,761
230,574	233,223	211,256	204,133	190,808	191,118
1,118,346	1,217,990	1,336,623	1,384,515	1,285,834	1,241,858
2,064,521	*2,239,164*	*2,274,079*	*2,219,880*	*2,207,583*	*2,163,479*
1,578,985	1,726,329	1,754,857	1,708,263	1,695,901	1,655,889
485,536	512,835	519,222	511,617	511,682	507,590
625,335	654,113	663,943	645,792	608,201	592,574
1,343,083	1,374,205	1,371,704	1,382,141	1,360,249	1,316,921
371,396	383,217	397,446	397,537	392,375	377,651
326,265	331,413	333,813	327,035	325,381	328,028
741,202	762,910	781,647	739,131	713,348	680,963
237,894	212,750	177,988	202,756	215,215	219,464
1,247,431	1,321,017	1,236,940	1,220,683	1,079,625	1,014,508
72,513	71,111	12,902	13,676	22,934	21,207
385,749	386,838	374,412	372,252	354,077	348,224
548,104	526,169	496,188	483,037	453,851	447,378
2,423,707	2,353,945	2,185,319	2,068,180	1,941,376	1,844,917
133,476	134,062	139,114	140,271	129,705	129,032
667,886	699,502	715,684	675,177	668,308	663,212
613,082	610,611	638,297	635,035	611,820	588,702
3,224,112	*3,115,820*	*2,945,044*	*2,852,825*	*2,739,071*	*2,592,148*
614,217	578,611	535,648	518,821	503,975	489,482
209,357	183,082	158,788	152,450	164,108	149,139
2,400,538	*2,354,127*	*2,250,608*	*2,181,554*	*2,070,988*	*1,953,527*
1,007,098	1,016,430	967,162	936,489	884,420	833,564
1,393,440	1,337,697	1,283,446	1,245,065	1,186,568	1,119,963
7,476,734	7,687,063	6,944,668	6,131,315	5,092,252	5,175,605
2.11%	2.23%	2.50%	2.48%	2.45%	2.29%

STATE OF VERMONT
Statistical Section - Table 6
Revenue Capacity
Personal Income Tax Rates and Tax Calculations
Last Ten Calendar Years

Calendar Year		Tax Rates for Taxable Income Within Range, Single Filing Status [1] 3.55%	6.80%	7.80%	8.80%	8.95%	Tax Collections (000's)	Personal Income [4] (000's)	Average Effective Tax Rate
2012		$ 0 - $35,350	$35,351 - $85,650	$85,651 - $178,650	$178,651 - $388,350	> $388,350	$ 605,138	$ 26,914,633	2.25%
2011		$ 0 - $34,500	$34,501 - $83,600	$83,601 - $174,400	$174,401 - $379,150	> $379,150	$ 573,429	$ 26,041,860	2.20%
2010	[2]	$ 0 - $34,000	$34,001 - $82,400	$82,401 - $171,850	$171,851 - $373,650	> $373,650	$ 524,170	$ 24,870,824	2.11%
2009	[3]	$ 0 - $33,950	$33,951 - $82,250	$82,251 - $171,550	$171,551 - $372,950	> $372,950	$ 507,525	$ 24,074,284	2.11%
2008	[3]	$ 0 - $32,550	$32,551 - $78,850	$78,851 - $164,550	$164,551 - $357,700	>$357,700	$ 548,983	$ 24,612,413	2.23%
2007	[3]	$ 0 - $31,850	$31,851 - $77,100	$77,101 - $160,850	$160,851 - $349,700	>$349,700	$ 588,335	$ 23,580,349	2.50%
2006	[3]	$ 0 - $30,650	$30,651 - $74,200	$74,201 - $154,800	$154,810 - $336,550	>$336,550	$ 553,846	$ 22,341,107	2.48%
2005	[3]	$ 0 - $29,700	$29,701 - $71,950	$71,951 - $150,150	$150,151 - $326,450	>$326,450	$ 507,701	$ 20,696,717	2.45%
2004	[3]	$ 0 - $29,050	$29,051 - $70,350	$70,351 - $146,750	$146,751 - $319,100	>$319,100	$ 463,755	$ 20,234,033	2.29%
2003	[3]	$ 0 - $28,400	$28,401 - $68,800	$68,801 - $143,500	$143,501 - $311,951	>$311,950	$ 415,020	$ 19,129,031	2.17%

[1] Different taxable income ranges apply to these rates for other filing statuses, including Married Filing Jointly, Married Filing Separately, Head of Household, etc.

[2] Commencing in 2010, the tax rates applied to the five income ranges for single status filers were 3.55%, 6.80%, 7.80%, 8.80% and 8.95%, respectively.

[3] For 2003 - 2009, the tax rates applied to the five income ranges for single status filers were 3.6%, 7.0%, 8.3%, 8.9%, and 9.4% respectively.

[4] See Statistical Section Table 5 for additional detail regarding personal income.

Source: Vermont Department of Taxes

See Independent Auditor's Report

STATE OF VERMONT
Statistical Section - Table 7
Revenue Capacity
Personal Income Tax Filers and Liability by Income Level
Calendar Years 2012 and 2003

	Calendar Year 2012 [1]				
Income Level	Number of Filers	Percentage of Total Filers	State Taxable Income [2]	State Personal Income Tax (net) [3]	Percentage of Total State
$300,000 and higher	2,736	0.76%	$ 2,179,796,095	$ 155,109,805	25.63%
$150,000 - $299,999	6,712	1.87%	1,349,996,994	77,452,548	12.80%
$100,000 - $149,999	11,645	3.25%	1,396,640,825	69,107,283	11.42%
$75,000 - $99,999	16,217	4.53%	1,393,427,567	62,335,585	10.30%
$50,000 - $74,999	33,412	9.33%	2,045,430,650	79,362,577	13.11%
$25,000 - $49,999	61,319	17.12%	2,219,486,691	78,596,991	12.99%
$10,000 - $24,999	58,641	16.37%	1,007,029,382	34,350,925	5.68%
$9,999 and lower	120,500	33.65%	237,580,785	8,768,146	1.45%
Out of State	47,020	13.13%	6,866,778,640	40,054,549	6.62%
Totals	358,202	100.00%	$ 18,696,167,629	$ 605,138,409	100.00%

	Calendar Year 2003				
Income Level	Number of Filers	Percentage of Total Filers	State Taxable Income [2]	State Personal Income Tax (net) [3]	Percentage of Total State
$300,000 and higher	1,211	0.36%	$ 795,210,841	$ 58,946,703	14.20%
$150,000 - $299,999	3,212	0.96%	644,594,203	42,040,100	10.13%
$100,000 - $149,999	5,837	1.74%	699,183,752	38,819,348	9.35%
$75,000 - $99,999	8,844	2.64%	756,745,662	38,148,674	9.19%
$50,000 - $74,999	26,238	7.83%	1,586,150,265	68,559,533	16.52%
$25,000 - $49,999	60,561	18.06%	2,174,321,735	79,581,822	19.18%
$10,000 - $24,999	65,584	19.57%	1,119,228,243	38,752,835	9.34%
$9,999 and lower	120,038	35.81%	275,971,385	9,561,522	2.30%
Out of State	43,682	13.03%	8,344,508,987	40,609,954	9.79%
Totals	335,207	100.00%	$ 16,395,915,073	$ 415,020,491	100.00%

[1] Information for Tax Year 2012 is preliminary data for returns processed through November 15, 2013.

[2] State Taxable Income is the total taxable income reported on line 15 of tax returns for an income class.

[3] State Personal Income Tax is net of taxable income adjustments, Vermont credits and other tax credits.

Source: Vermont Department of Taxes

See Independent Auditor's Report

STATE OF VERMONT
Statistical Section - Table 8
Debt Capacity
Ratios of Outstanding Debt by Type, Last Ten Years
(Expressed in Thousands, Except per Capita)

	Governmental Activities							
Fiscal Year	General Obligation Current Interest Bonds	Special Obligation Current Interest Bonds	General Obligation Capital Appreciation Bonds [1]	Total Bonds	Capital Leases	Total Primary Government	Ratio of Debt to Personal Income [2]	Debt Per Capita [3]
2013	$ 545,390	$ 23,090	$ 1,945	$ 570,425	$ 2,054	$ 572,479	2.10%	N/A
2012	502,715	13,260	3,542	519,517	3,619	523,136	1.94%	836
2011	489,445	13,835	6,296	509,576	4,340	513,916	1.97%	820
2010	459,935	-	12,856	472,791	4,820	477,611	1.92%	763
2009	433,975	-	19,007	452,982	4,908	457,890	1.90%	733
2008	429,360	-	25,110	454,470	384	454,854	1.85%	729
2007	426,415	-	30,840	457,255	600	457,855	1.94%	734
2006	425,060	-	36,214	461,274	741	462,015	2.07%	742
2005	422,212	-	41,178	463,390	694	464,084	2.24%	747
2004	423,287	-	45,836	469,123	-	469,123	2.32%	757

[1] Net of Unaccreted Interest

[2] See Statistical Section Table 5 for additional detail regarding personal income.

[3] See Statistical Section Table 10 for population statistics.

Note: The State has no constitutional or other limit on its power to issue obligations or incur indebtedness except for the requirement that borrowing only be for public purposes.

See Independent Auditor's Report

STATE OF VERMONT
Statistical Section - Table 9
Debt Capacity
Ratios of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years*
(Expressed in Thousands, Except Per Capita)

Fiscal Year	General Obligation Bonded Debt	State Taxable Personal Income [1]	Ratio of General Bonded Debt to Taxable Personal Income	General Bonded Debt Per Capita [2]
2012	$ 506,257	$ 18,696,168	2.71%	$ 809
2011	495,741	29,734,240	1.67%	791
2010	472,791	28,082,699	1.68%	755
2009	452,982	25,484,590	1.78%	725
2008	454,470	25,999,711	1.75%	728
2007	457,255	33,389,272	1.37%	733
2006	461,274	25,154,425	1.83%	741
2005	463,390	23,609,221	1.96%	746
2004	469,123	19,956,789	2.35%	757
2003	473,785	16,395,915	2.89%	767

* State Taxable Personal Income is not available for the 2013 year, so the data reported here is for the ten years 2003-2012.

[1] Source: Vermont Department of Taxes. Preliminary data for 2012 returns processed through November 15, 2013.

[2] See Statistical Section Table 10 for population statistics.

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STATE OF VERMONT
Statistical Section - Table 10
Demographic and Economic Statistics
Population, Per Capita Personal Income, Civilian Labor Force,
Public School Enrollment, and Motor Vehicle Registration Data
Last Ten Years*

	Population [1]				Per Capita Personal Income [1]		
Year	U.S.	Change From Prior Period	State of Vermont	Change From Prior Period	U.S.	State of Vermont	Vermont as a Percentage of U.S.
2012	313,914,040	0.75%	626,011	-0.07%	$ 42,693	$ 42,994	100.71%
2011	311,591,917	0.73%	626,431	0.08%	41,560	41,572	100.03%
2010	309,330,219	0.83%	625,909	0.17%	39,791	39,736	99.86%
2009	306,771,529	0.88%	624,817	0.11%	38,637	38,530	99.72%
2008	304,093,966	0.95%	624,151	0.11%	40,947	39,433	96.30%
2007	301,231,207	0.96%	623,481	0.09%	39,506	37,820	95.73%
2006	298,379,912	0.97%	622,892	0.27%	37,725	35,867	95.07%
2005	295,516,599	0.93%	621,215	0.21%	35,452	33,317	93.98%
2004	292,805,298	0.93%	619,920	0.33%	33,909	32,640	96.26%
2003	290,107,933	0.86%	617,858	0.39%	32,295	30,960	95.87%

* Most of the information for this table is not available for the 2013 year, so the data reported here is for the ten years 2003-2012.

(1) Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce. Date release date 3/27/13

(2) Source: Local Area Unemployment Statistics, Vermont Department of Labor, Economic & Labor Market Information; Not Seasonally Adjusted. Data release date 3/6/13

(3) Source: Vermont Department of Education, "Elementary/Secondary Public School Enrollment.

(4) Source: Vermont Department of Motor Vehicles, All Registered Vehicle Types; includes autos, trucks, motorcycles, buses, state & municipal, and dealer vehicles; data is on a calendar year basis.

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Civilian Labor Force [2]					
State Employed	State Unemployed	State Total	State Unemploy-ment Rate	Public School Enrollment [3]	Motor Vehicles Registered [4]
338,600	17,800	356,400	5.0%	91,572	615,585
338,600	20,000	358,600	5.6%	90,289	615,608
337,000	23,000	360,000	6.4%	91,239	619,610
335,100	24,700	359,800	6.9%	92,572	583,813
341,700	16,200	357,900	4.5%	94,114	601,675
341,300	14,000	355,300	3.9%	95,481	619,459
343,100	13,300	356,400	3.7%	96,636	620,144
336,600	12,200	348,800	3.5%	98,361	617,476
334,200	12,900	347,100	3.7%	99,104	611,158
331,300	15,500	346,800	4.5%	99,978	602,759

STATE OF VERMONT
Statistical Section - Table 11
Demographic and Economic Information
Annual Average Non-Farm Employment by Industry
For the Years 2012 and 2003

	2012			2003		
	Employees	Rank	Percent of Total	Employees	Rank	Percent of Total
Total non-farm employment	303,200		100.0%	299,250		100.0%
Private total	249,300		82.3%	247,250		82.6%
Natural resources and mining	800		0.3%	950		0.3%
Construction	14,150	6	4.7%	15,350	6	5.1%
Manufacturing						
Durable goods	21,750	5	7.2%	26,750	4	8.9%
Nondurable goods	10,200	10	3.4%	10,750	9	3.6%
Wholesale trade	9,250		3.1%	10,250	10	3.4%
Retail trade	37,700	2	12.4%	39,500	2	13.2%
Transportation, warehousing and utilities	8,600		2.8%	8,500		2.8%
Information	4,650		1.5%	6,500		2.2%
Financial activities						
Finance and insurance	9,050		3.0%	10,150		3.4%
Real estate and rental and leasing	3,000		1.0%	3,100		1.0%
Professional and business services						
Professional and technical services	14,050	7	4.6%	12,200	8	4.1%
Management of companies and enterprises	-		0.0%	-		0.0%
Administrative and waste services	12,050	9	4.0%	8,150		2.7%
Educational and health services						
Education services	12,500	8	4.1%	12,450	7	4.2%
Healthcare and social assistance	48,100	1	15.9%	39,700	1	13.3%
Leisure and hospitality						
Arts, entertainment and recreation	4,000		1.3%	3,750		1.3%
Accomodations and food services	29,300	3	9.7%	29,050	3	9.7%
Other services, except public administration	10,150		3.3%	10,150		3.4%
Government total	53,900		17.7%	52,000		17.4%
Federal	6,450		2.1%	6,250		2.1%
State government education	8,250		2.7%	7,600		2.5%
Local government education	22,750	4	7.5%	22,000	5	7.4%
Other state government	9,100		3.0%	9,200		3.1%
Other local government	7,350		2.4%	6,950		2.3%

Source: Vermont Department of Labor, Labor Market Information, data release date 8/19/13

Note - Data for specific businesses that comprise the top employers in the state is not available due to confidentiality regulations; thus information by industry is presented.

Totals may not add due to rounding.

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STATE OF VERMONT
Statistical Section - Table 12
Operating Information
Full-Time Equivalent State Government Employees by Function/Program
Last Ten Years

Function/Program	2013 [7]	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Agency of Administration	7	6	4	5	6	5	4	4	4	3
Auditor of Accounts	15	13	14	12	12	12	11	11	11	12
Buildings & General Services	347	340	355	353	380	424	417	424	396	399
Finance & Management	35	35	33	31	40	47	37	39	36	38
Executive (Governor's) Office	13	13	14	10	13	18	18	17	17	17
Green Mountain Care Board [5]	20	17	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Information & Innovation [1]	86	75	70	72	53	61	57	50	49	51
Libraries	26	25	26	26	29	32	31	34	34	34
Lieutenant Governor	2	2	2	2	2	2	2	2	2	2
Human Resources	87	73	72	37	47	51	59	57	56	56
State Treasurer	37	32	30	34	35	35	36	37	34	33
Taxes	153	157	159	155	169	181	176	183	184	183
Vermont Labor Relations Board	1	2	1	2	2	2	2	2	2	2
VOSHA Review Board	1	1	0	0	1	1	1	1	1	1
Protection to Persons and Property										
Agency of Agriculture, Food & Markets	94	90	85	83	90	98	96	95	89	87
Attorney General	77	73	73	69	69	71	69	72	68	67
Financial Regulation	112	105	107	107	109	110	108	105	99	93
Criminal Justice Training Council	11	10	9	7	12	10	10	10	11	8
Defender General	68	69	65	62	62	64	63	61	62	60
Enhanced 911 Board [5]	11	11	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Labor & Industry [2,3]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	43	85
Liquor Control	50	50	52	51	54	56	54	56	54	55
Military	121	122	123	121	126	126	117	118	109	111
Public Safety [3]	587	577	561	562	584	592	599	602	568	511
Public Service Department	46	49	55	53	50	50	52	49	47	51
Public Service Board	25	25	25	24	25	25	24	27	25	25
Secretary of State	67	64	61	63	63	52	52	51	48	50
State's Attorneys & Sheriffs	152	150	149	151	155	156	155	154	153	154
Vermont Human Rights Commission	5	5	5	5	5	5	5	5	5	5
Vermont Lottery Commission	18	20	20	20	21	19	18	19	19	19
VT Fire Service Training Council [2]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7
Human Services [2]										
Children & Families	977	935	944	918	970	960	947	941	932	n/a
PATH	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	414
Office of Child Care	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	124
Social & Rehabilitation Services	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	400
Vermont Department of Health Access	154	124	116	89	91	93	79	65	43	n/a
Aging & Independent Living	275	269	254	251	279	298	288	275	268	216
Corrections	1,057	1,035	1,003	1,011	1,045	1,115	1,150	1,146	1,129	1,101
Economic Opportunity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6
Health	472	458	441	439	484	525	753	749	715	496
Developmental and Mental Health Services [6]	171	140	235	243	233	237	n/a	n/a	n/a	96
Vermont State Hospital	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	178
Secretary of Human Services	109	104	93	106	98	99	95	89	59	54
Governor's Commission on Women	3	3	3	3	3	3	3	3	3	3
Veteran's Home (discrete component unit)	206	203	193	200	206	200	204	190	188	195
Employment & Training										
Department of Labor [3]	261	266	271	286	276	277	276	281	250	290
General Education										
Agency of Education	159	156	151	156	181	184	194	196	182	181
Natural Resources										
Environmental Board	26	26	27	27	30	31	29	30	29	31
Environmental Conservation	268	259	250	250	262	283	285	286	273	264
Fish & Wildlife	127	125	124	122	126	130	124	119	121	118
Forsts, Parks & Recreation	101	99	98	98	108	114	113	113	111	119
Secretary of Natural Resources	32	33	30	39	52	59	56	58	52	48
Water Resources Board	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3	4
Commerce & Community Development										
Agency of Commerce & Community Development	85	75	76	80	86	96	97	93	101	95
Transportation										
Agency of Transportation	1,254	1,222	1,190	1,216	1,233	1,253	1,255	1,242	1,255	1,287
	8,011	7,743	7,669	7,651	7,977	8,262	8,221	8,161	7,940	7,939

[1] New department formed from consolidating GOVNet program (previously in Administration) and Communication & Information Technology program (previously in Buildings and General Services.

[2] In 2005 the Agency of Human Services reorganized with some department consolidations and other new departments established. Also in 2005, the Vermont Fire Service Training Council and portions of the Department of Labor and Industry were merged into the Department of Public Safety.

[3] In 2006 portions of the Department of Labor and Industry merged with the Department of Employment and Training and the new consolidated department was named the Department of Labor.

[4] Executive Order No. 01-10 consolidated human resource services statewide by transferring certain human resource positions within state government to the Department of Human Resources. The effective date of this consolidation was July 1, 2010.

[5] In 2012 Act 64 of 2011 Session established the Enhanced 911 Board as an independent entity. Act 48 of the 2011 Session established the Green Mountain Care Board as an independent entity.

[6] The reduction in employees in 2012 is the result of the Vermont State Hospital in Waterbury being forced to close due to Tropical Storm Irene.

[7] In 2013 FTE's employees by function/program were provided by the Department of Human Resources.

Source: Vermont Department of Human Resources - State of Vermont Workforce Report

See Independent Auditor's Report

STATE OF VERMONT
Statistical Section - Table 13
Operating Information
Operating Indicators by Function
Last Ten Years

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Square feet of State owned facilities [1]	3,100,220	3,288,254	3,272,199	3,339,135	3,377,312	3,941,153	3,928,255	3,377,476	3,035,161	3,118,618
State Pension Plan membership [2]	47,547	46,577	45,936	45,507	45,354	44,947	44,015	43,171	42,097	41,424
Number of State employees (full-time and part-time) [3]	8,011	7,805	7,743	7,732	8,075	8,383	8,352	8,292	8,069	7,935
Protections to Persons and Property [4]										
Number of State Agency law enforcement officers	n/a	411	408	413	405	397	399	399	405	393
Number of Sheriff's Department law enforcement officers	n/a	122	114	136	122	117	119	132	133	117
Human Services [5]										
Total Corrections population	10,743	10,718	10,814	11,262	11,215	11,148	11,703	12,303	13,528	13,824
Immunization coverage, ages 19-35 months	n/a	63%	73%	64%	60%	65%	67%	75%	67%	65%
Bed nights in homeless shelters	131,535	154,129	133,355	130,939	120,464	100,473	112,715	98,786	101,647	100,028
Employment & Training [6]										
Number of Unemployment Compensation payments	n/a	321,624	390,035	499,360	629,794	374,278	318,235	304,612	295,674	309,121
General Education [7]										
Statewide average expenditure per student	16,621	16,024	15,789	15,475	14,903	14,076	13,287	12,624	11,759	11,113
Total local education agencies	n/a	345	346	348	349	352	352	353	351	349
Natural Resources										
Gallons of maple syrup produced [8]	1,320,000	750,000	1,140,000	890,000	920,000	700,000	450,000	460,000	410,000	500,000
Number of moose permit applications [9]	n/a	n/a	11,217	12,028	14,228	13,839	13,199	11,987	13,091	13,382
Commerce and Community Development										
Net change in employer businesses [10]	n/a	(69)	33	55	(37)	(129)	79	(18)	61	5
Median purchase price of a new home [11]	n/a	199,000	195,000	195,000	190,000	200,000	201,000	197,000	182,000	165,000
Number of skier visits [12]	4.5 Million	3.9 Million	4.4 Million	4.1 Million	4.0 Million	4.3 Million	3.8 Million	4.1 Million	4.4 Million	4.2 Million
Transportation [13]										
Total snowplowing hours	n/a	116,333	165,173	73,734	110,770	144,488	174,022	123,674	339,987	182,690
Structurally deficient bridges	n/a	85	91	107	178	190	192	197	193	187
Paving projects (miles)	n/a	208	156	330	145	109	113	122	90	117

n/a - Information not available at time of printing.

Note: Information for these statistics is not available for years prior to 2004, when the State began compiling this data.

Sources:

[1] Vermont Department of Buildings & General Services, Space Book
[2] Vermont Office of the State Treasurer
[3] Vermont Department of Human Resources
[4] Vermont Department of Public Safety
[5] Vermont Agency of Human Services
[6] Vermont Department of Labor
[7] Vermont Department of Education
[8] US Department of Agriculture
[9] Vermont Agency of Natural Resources
[10] bls.gov
[11] Vermont Housing Finance Agency
[12] skivermont.com
[13] Vermont Agency of Transportation

See Independent Auditor's Report

STATE OF VERMONT
Statistical Section - Table 14
Operating Information
Capital Asset Statistics by Function
Last Ten Years

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Department of Buildings & General Services										
Land holdings (acres)	2,752	2,807	2,809	2,809	2,875	2,924	2,924	2,916	2,851	2,982
State-owned space (square feet)	3,100,220	3,288,254	3,272,199	3,339,135	3,377,312	3,941,153	3,928,255	3,377,476	3,035,161	3,118,618
Protection to Persons and Property										
Number of state police vehicles	503	511	515	490	405	420	412	413	383	376
Number of armory locations	22	22	22	22	22	20	20	20	20	20
Number of agriculture research stations	34	29	31	30	31	28	27	25	23	20
Human Services										
Department of Health - Number of lab instruments (analyzer, module, counters, meters, etc.)	129	108	178	182	122	103	105	85	71	n/a
Department of Children and Families - number of vans	27	27	29	25	26	30	25	23	23	23
Department of Corrections - number of vehicles	1	0	0	-	2	3	11	11	11*	85
Employment and Training										
Department of Labor - number of capitalized computer assets	16	12	14	17	19	19	10	29	27	27
General Education										
Agency of Education - number of capitalized computer assets	26	27	27	27	20	21	16	16	12	10
Natural Resources										
Number of dams	93	92	90	90	81	99	96	94	93	88
Agency of Natural Resources										
Number of vehicles	229	228	216	218	224	214	221	204	309	345
Number of building and improvement assets	471	459	452	442	429	441	430	423	410	405
Commerce and Community Development										
Number of historic sites	20	20	21	21	21	18	17	16	17	17
Number of covered bridges	7	7	7	7	7	6	6	7	6	6
Number of underwater preserves	100+	100+	100+	100+	100+	100+	100+	100+	100+	100+
Transportation										
Number of bridges over 20 feet	1,086	1,080	1,078	1,078	1,077	1,077	1,077	1,077	1,077	1,072
State highway miles	2,703	2,703	2,703	2,704	2,704	2,707	2,708	2,708	2,708	2,704
Agency of Transportation buildings (square feet)	1,361,017	1,361,017	1,349,017	1,328,717	1,326,407	1,307,415	1,289,171	1,250,673	1,233,099	1,226,781

* During FY 05 most vehicles were transferred to the new Fleet Program.
Note: Information for these statistics is not available for years prior to 2004, when the state began compiling this data.

See Independent Auditor's Report

STATE OF VERMONT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

LEGEND OF ACRONYMS

Acronym	Description
AAL	Actuarial Accrued Liability
AD&D	Accidental Death and Dismemberment
AFC	Average Final Compensation
AHS	Agency of Human Services
ANFC	Aid to Needy Families With Children
AOC	Annual OPEB Cost
APC	Annual Pension Cost
ARC	Annual Required Contribution
ARRA	American Recovery and Reinvestment Act
BFS	Basic Financial Statements
CAFR	Comprehensive Annual Financial Report
CDAAC	Capital Debt Affordability Advisory Committee
CFTC	Commodity Futures Trading Commission
CMO's	Collateralized Mortgage Obligations
CMS	Center for Medicaid and Medicare Services
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
DVHA	Department of Vermont Health Access
EAN	Entry Age Normal
EAP	Employee Assistance Program
FAP	Financial Access Program
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FEMA	Federal Emergency Management Agency
FHWA	Federal Highway Administration
FICA	Federal Insurance Contributions Act
FIL	Frozen Initial Liability
FSA	Flexible Spending Account
FTA	Federal Transit Administration
FX	Foreign Exchange
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association of the United States and Canada
GIS	Geographic Information Systems
HMO	Health Maintenance Organization
HR	Human Resources
IBNR	Incurred But Not Reported
ICMA-RC	International City/County Management Association - Retirement Corporation
ISDA	International Swaps and Deriviatives Association
MD&A	Management's Discussion and Analysis

See Independent Auditor's Report

LEGEND OF ACRONYMS

Acronym	Description
MERS	Vermont Municipal Employees Retirement System
MIP	Mortgage Insurance Program
MMA	Medicare, Prescription Drug, Improvement, and Modernization Act of 2003
NOO	Net OPEB Obligation
NPO	Net Pension Obligation
OPEB	Other Post Employment Benefits
OTC	Over The Counter
PAC	Planned Amortization Classes
PRO	Pollution Remediation Obligation
RHS	Retirement Health Savings
RSI	Required Supplementary Information
S&P	Standard & Poor's
SDIA	Single Deposit Investment Account
SIB	State Infrastructure Bank
STC	Standard Terms and Conditions
STRS	State Teachers Retirement System
UAAL	Unfunded Actuarial Accrued Liability
USD	United States Dollar
USEPA	United States Environmental Protection Agency
UTF	Unemployment Trust Fund
UVM	University of Vermont and State Agricultural College
V.S.A.	Vermont Statutes Annotated
VCGI	Vermont Center for Geographic Information
VEDA	Vermont Economic Development Authority
VEHBFA	Vermont Educational and Health Buildings Financing Agency
VEHI	Vermont Education Health Initiative
VHCB	Vermont Housing and Conservation Board
VHFA	Vermont Housing Finance Agency
VITL	Vermont Information Technology Leaders, Inc.
VMBB	Vermont Municipal Bond Bank
VPIC	Vermont Pension Investment Committee
VSAC	Vermont Student Assistance Corporation
VSC	Vermont State College System
VSECU	Vermont State Employees' Credit Union
VSJF	Vermont Sustainable Jobs Fund, Inc.
VSRS	Vermont State Retirement System
VTA	Vermont Transportation Authority